



California Association of Wheat Growers

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## Newsletter

October 22, 2010

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Upcoming Events

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**-December 14 CAWG and CWC Board of Directors Meetings**

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#### CAWG Attends Fall Meetings Starting This Friday

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Grower-leaders and state organization representatives including CAWG President Jim Parsons, CWC Executive Director, Janice Cooper and CAWG/CWC/USW Board member, Larry Hunn are in Minneapolis this weekend for the NAWG and U.S. Wheat Associates fall meetings for the Fall Wheat Conference.

Also today, a contingent of more than 25 growers and staff visited the University of Minnesota and the local USDA/Agricultural Research Service (ARS) Cereal Disease Lab. Discussions and tours of the facility focused on marker assisted technology and the Lab's work on cereal diseases, including the virulent stem rust Ug99.

Discussions at NAWG meetings are expected to center around the upcoming 2012 Farm Bill; the industry's work toward the commercialization of biotechnology in wheat; and

ongoing concerns about Environmental Protection Agency (EPA) regulation of agricultural operations. A highlight of the joint Board session will be a panel on the topic of price convergence.

For those who cannot attend the conference, NAWG will be providing updates via the organization's Twitter and Facebook pages, at www.twitter.com/wheatworld and www.facebook.com/wheatworld. Audio reports will also be available during or soon after the meetings, and future newsletters will highlight the meetings' outcomes.

U.S. Remains Global Wheat Exporter, Despite Drop in Exports

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Even with a 15% decline in 2009-10 wheat exports this year, the U.S. continues to lead the world in wheat exports, U.S. Wheat Associates reported this week. With exports down to about 23.5 million metric tons, compared to a five-year average of about 27 million metric tons, the group said its work to build closer buyer-producer ties led to a 15% sales increase in 10 countries, including Japan and Nigeria. U.S. Wheat said it also foresees a "huge projected increase for 2010-11 as Black Sea exporters prove their unreliability." USDA is forecasting wheat exports to hit about 34 million metric tons this market year. Saudi Arabia has been identified "as potentially the next big market for U.S. growers."

### **Weak Dollar Makes US Wheat World's Cheapest - Rabobank**

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By Caroline Henshaw
Of DOW JONES NEWSWIRES

LONDON (Dow Jones)--The U.S. is expected to dominate the international wheat market until the end of the year as the weak dollar makes the country's exports the cheapest in the world, Rabobank said Friday.

Previously the world's most expensive wheat producer in the first half of the year, a recent slide in the dollar means U.S. suppliers are now more competitive than their European counterparts despite higher freight costs, the bank said in its latest monthly report.

Traders have become downbeat about the prospects for European Union wheat in recent weeks due to a tail off in demand due to waning supplies and high prices. Exports from the bloc started at near-record levels this week as suppliers scrambled to secure demand after Russia banned grain exports for the year.

This week Egypt, the world's biggest wheat importer, bought 110,000 metric tons of U.S. wheat at \$279.80/ton, compared with 120,000 tons of French wheat at \$296.06/ton in a move that market participants said signaled the increasing dominance of the U.S. in export markets.

The dollar has been hovering around its lowest level against the euro since January and at 1215 GMT, the euro was at \$1.3949, up from \$1.3888 in early trade.

Rabobank said it expects prices to remain rangebound in the coming months before Southern Hemisphere suppliers begin to make their way into the market.

"We expect prices to remain supported in the current range given the tight underlying fundamentals and declining exportable surpluses, particularly in Europe," the bank said. "Supplies from the Southern Hemisphere may create some pressure on prices with a large Australian east crop looming. This, however, would be unlikely to have any material impact until the first quarter of 2011."

[Link to WSJ Article](#)

USDA Announces Final Regulations on Biomass Crop Payment Program, Other Initiatives

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In a one-two punch designed to demonstrate Obama Administration commitment to rural develop and national alternative fuel development, USDA this week announced its publishing the final rule on the Biomass Crop Assistance Program (BCAP), a 2008 Farm Bill-authorized program to pay farmers to grow "a sufficiently large base" of new, non-food, non-feed biomass crops as feedstocks for renewable fuels.

Reports indicate USDA could spend as much as \$525 million over 15 years on the incentive program. BCAP operated as a pilot program pending publication of the final rule, and Secretary of Agriculture Tom Vilsack in a speech to the National Press Club this week said the final regulation was based on over 24,000 comments received and experience in running the pilot program.

BCAP helps farmers set up eligible renewable crop production within specified project areas, and once contracted, producers can get paid on up to 75% of the cost of producing the crops. They also receive payments for up to five years for annual or non-woody perennial crops and up to 15 years for woody perennial crops. The Farm Service Agency (FSA) is accepting project area proposals now. BCAP also pays matching transportation assistance to move eligible crops to processing facilities.

Vilsack said the U.S. today produces about 12 billion gallons of ethanol and 800 million gallons of biodiesel, "very little of which is considered an advanced biofuel." He said the department recognizes biodiesel is an advanced biofuel under the Renewable Fuel Standard2 (RFS2), but said USDA is going to "push the limits of technology and surge toward the production of advanced cellulosic ethanol, biobutenol, drop-in fuels and other advanced biofuels" in order to hit the RFS mandate of 36 billion gallons of biofuels, including 21 billion gallons of advanced biofuels.

In addition to helping fund construction of five regional production facilities, Vilsack announced at the Press Club USDA has a joint USDA/Federal Aviation Administration (FAA) project to develop aviation fuel from forest and crop residues and other "green"

feedstocks, as well as Rural Development assistance to provide financing under existing programs to help install 10,000 biofuel blender pumps and storage systems over the next five years. The programs are part of a larger USDA research initiative to accelerate the development of commercial advanced biofuels.

### **Vilsack Calls for Renewal of Biofuel Tax Incentives**

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As part of his announcement this week of USDA biofuels initiatives, Secretary of Agriculture Tom Vilsack called on Congress to enact "fiscally responsible" short-term extensions of not only expired biodiesel and renewable diesel tax credits, but for renewal of the ethanol blenders' tax credit, saying "it's premature to end support to this industry." The American Soybean Assn. (ASA) took the opportunity to praise USDA's biofuels programs, and said, "At a time when jobs and renewable energy production are cited as top priorities, it is unacceptable that Congress would fail to extend the biodiesel tax credits." Vilsack joined the chorus of biofuels industries, including soybeans, rendering, corn producers and new generation fuel producers in saying congressional failure to renew the tax incentives has cost rural communities jobs and threatens the future of the industry.

Election Issues: Ballot Propositions

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The General Election on Tuesday, November 2, 1010 is just around the corner. For informational purposes we have attached a spreadsheet of ballot positions taken by various other business and agricultural organizations on the propositions including the California Chamber of Commerce, The California Farm Bureau and Western Growers.

[\(click here to review the Propositions\)](#)

For those CAWG members who receive this newsletter by mail see the spreadsheet attached.

**Remember to VOTE on November 2nd!**