



California Association of Wheat Growers

Newsletter

October 28, 2011

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Upcoming EVENTS

Thursday, December 8, California Association of Wheat Growers and California Wheat Commission Board of Directors Meetings. Meetings are to start at 8:00 a.m.

Location: California Wheat Commission office.

Address: 1240 Commerce Avenue, Suite A, Woodland CA 95776-2267

Free Trade AGREEMENTS, TAA Reauthorization SIGNED by Obama

President Obama wasted no time signing the Colombia, Panama and South Korea free trade agreements into law October 21, and following that action signed the Trade Assistance Authority (TAA) reauthorization legislation. Secretary of Agriculture Tom Vilsack declared the trade agreements "a major piece of President Obama's jobs agenda," the political spin the White House

has put on the free trade pacts since the President embraced their ratification as part of his jobs bill. The TAA law will reauthorize and expand federal assistance to U.S. workers whose hours or wages are negatively impacted by trade agreements, including retraining and health care cost assistance. "Farm exports help support 1 million American jobs," Vilsack said.

"This year and next, U.S. agricultural exports are on track to reach new highs, leading to a trade surplus of over \$42 billion - eight times greater than five years ago. When implemented, these three agreements will increase farm exports by an additional \$2.3 billion - supporting nearly 20,000 American jobs - by eliminating tariffs, removing barriers to trade and leveling the playing field for U.S. producers." The three agreements were negotiated by the Bush Administration and have been stuck in the Senate for the last several years.

Wheat Drops on HIGHER Global RESERVE Estimate; Corn DECLINES From Bloomberg Businessweek - [Full Article](#)

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Wheat fell in Chicago, paring a third weekly advance, on a prediction that global stockpiles will exceed a prior estimate as production climbs and demand wanes. Corn and soybeans dropped.

World wheat inventories will be 202 million metric tons at the end of the 2011-12 marketing year, up 4.7 percent from last month's 193 million-ton forecast, the International Grains Council said yesterday. Output will total 684 million tons, above the 679 million tons forecast in September, as consumption retreats to 677 million tons, it said.

"This announcement is having a bearish influence on prices," Michael Creed, an agribusiness economist at National Australia Bank Ltd., said by phone from Melbourne today. "That certainly has offset some of the strength provided by macroeconomic events overnight."

Wheat for December delivery declined 1 percent to \$6.3725 a bushel by 10:53 a.m. London time on the Chicago Board of Trade. The grain is up 0.8 percent this week and yesterday climbed the most in more than two weeks after European leaders agreed on steps to curb the region's debt crisis.

Milling wheat for January delivery traded on NYSE Liffe in Paris gained 0.1 percent to 183.75 euros (\$260.61) a ton.

Corn for December delivery dropped 0.6 percent to \$6.475 a bushel in Chicago. The grain is down 0.3 percent this week.

Soybeans for January delivery retreated 0.5 percent to \$12.3775 a bushel. The oilseed has climbed 1.4 percent this week.

### **November 1 DEADLINE Looms for SPECIFICS on Ag CUTS**

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With the chairs of the House and Senate Agriculture Committees submitting a consensus letter estimating agriculture can withstand about \$23 billion in cuts over the next 10 years to the Joint Special Committee on Deficit Reduction, the ag committees must now make good by November 1 on a pledge to provide the super committee details of how those cuts should be achieved.

Generally it's agreed that of the \$23 billion, at least \$15 billion would come out of farm program payments, \$4 billion could be shaved off conservation programs, and another \$4 billion could come out of nutrition programs, including food stamps, according to Sen. Charles Grassley (R, IA). But further reconstruction of direct program payments into some form of revenue protection insurance is still underway, and it's expected the money needed to create these new programs will come in part from a shift in spending from direct payments to risk management which would impact the overall savings.

New to the mix and getting a lot of talk is the Aggregate Risk and Revenue Management (ARRM) program proposal put forward last week by Sens. Sherrod Brown (D, OH), John Thune (R, SD), Dick Durbin (D, IL) and Dick Lugar (R, IN). This plan is predicated on creating crop-specific revenue insurance-type protection based on a producer's planted acres. ARRM, says the Congressional Budget Office (CBO), would save \$19.8 billion over 10 years and would go a long way to freeing up cuts in other programs. The four committee principals must sign off on the detailed plan, and then they must convince their respective committee members.

Secretary of Agriculture Tom Vilsack publicly urged this week the super committee to go easy on ag research cuts because such programs are necessary to increasing crop and livestock production to meet global food needs over the next several decades. He also said federal disaster programs must be preserved, particularly in the wake of natural disasters experienced this past year. Lastly, the super committee must approve the approach. Rep. Frank Lucas (R, OK), chair of the House Agriculture Committee, said this week he's concerned about the "regional competitions" in the various proposals that have emerged over the last month. It's Lucas' contention corn and soybean farmers in the Midwest seem to be favored over producers in other parts of country, part of the regional disputes always seen in Farm Bill debates. But Lucas told an Oklahoma radio station he wants equitable treatment of all producers, not just those in regions "where soil is measured in feet and where it rains when it's supposed to." Lucas went as far as to say the abbreviated budget cutting process driving the Farm Bill debate may wind up with a Farm Bill written - with the new numbers in hand - next summer so as to allow input from both committees, amendments and other input based on drafts, etc.

In Letter to Ag LEADERS, NAWG Outlines FARM Policy PRIORITIES

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NAWG President Wayne Hurst wrote leaders of the House and Senate Agriculture Committees on Tuesday to outline wheat growers' farm policy priorities as final proposals come together for super committee consideration.

Principals at both committees are reportedly working toward a legislative proposal to send early next week to super committee members, who are charged with finding \$1.5 trillion in federal spending to cut.

Last week, Senate Agriculture Chairwoman Debbie Stabenow (D-Mich.), Senate Ranking Member Pat Roberts (R-Kan.), House Agriculture Committee Chairman Frank Lucas (R-Okla.) and House Ranking Member Collin Peterson (D-Minn.) wrote the 12 committee members, saying agriculture-area programs should take no more than \$23 billion in cuts through the ongoing debt-reduction process. Those cuts would come on top of more than \$40 billion in cuts in recent years to crop insurance, nutrition and other programs.

In his letter, Hurst identified crop insurance as NAWG's top priority, saying NAWG strongly opposes any reductions to the baseline available for crop insurance programs.

Hurst reiterated NAWG's long-standing support for the direct payment program even while acknowledging it has lost public support. He said NAWG believes a phase-down of the direct payment, perhaps over as few as three years, would allow farmers, their landlords and lenders and rural economies to adjust.

Hurst also outlined preferred triggers for the development of a target price component to cushion farmer businesses in disastrous price decline situations.

Outside of Title I programs, Hurst's letter voiced strong support for market development and agriculture research programs, including for the authorization of a cereal research initiative for wheat, barley and oats, incorporating mandatory and discretionary funding.

The letter also addressed conservation programs, where the Association believes leaders can find room for consolidation and increased efficiency.

The letter sent this week formalized positions taken by NAWG policy committees and the NAWG Board since the last formal Board meeting in March. It also reflected conversations Hurst and other NAWG officers and staff have had with agriculture leaders on Capitol Hill in recent weeks.

While the super committee's report to Congress isn't due until Nov. 23, the Congressional Budget Office needs proposals by Nov. 1 for its staff to have sufficient time to evaluate them properly. In a letter sent last week, Ag Committee leaders committed to "provide a complete legislative package" by Nov. 1, which is Tuesday, though it is not yet clear what that package will entail.

NAWG's full letter sent this week is available online at <http://www.wheatworld.org/wp-content/uploads/farmland-letter-on-ag-policy-deficit-reduction-20111025.pdf>.

## **RFA Wants "Open Fuel Standard"**

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As the battle over the future of federal support of biofuels continues to grow, the Renewable Fuels Assn. (RFA) this week joined with others in the alternatives fuels industry to urge Congress to establish an "open fuels standard" as envisioned in HR 1687, a bill by Rep. Elliot Engel (D, NY) and Rep. John Shimkus (R, IL). An open fuel standard would allow patrons to pick from a variety of fuels, including multiple ethanol fuel blends, at the pump, according to RFA. It also means a need for greater investment in infrastructure, say critics of the move. RFA says "hundreds of billions of dollars now being drained from our economy to pay for foreign oil could go instead to American businesses and workers to produce our fuel right here at home."

Stabenow WANTS Biobased Tax CREDITS

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A program that would provide up to a 30% federal tax credit to "biobased" manufacturers was unveiled this week by Senate Agriculture Committee Chair Debbie Stabenow (D, MI). Her "Grow it Here, Make it Here" legislation is designed to provide the tax credit for a variety of new, expanded or re-equipped bio-manufacturing facilities and projects. Stabenow said biobased products

represent 4% of the market for plastic and chemical industries, and that USDA estimates the potential market share for biobased plastic and chemical products to be in excess of 20% by 2025. The American Soybean Assn. (ASA) praised the legislation and offering support for bio-based manufacturing, adding it holds USDA's Biobased Markets Program as a top priority and wants to see it expanded. Stabenow previously held a hearing on bio-based manufacturing in her home state.

## **Grant Funding AVAILABLE for Students of WHEAT, Rice Breeding**

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Monsanto's Beachell-Borlaug International Scholars Program is taking applications Nov. 1 until Feb. 1, 2012, for its fourth round of grants.

The program offers funding for students pursuing Ph.D.s in rice or wheat plant breeding, with the goal of developing more breeders in these staple crops who have been exposed to global issues facing wheat and rice.

The program requires students enrolled in a developing country university to complete part of their research in a developed country, including Australia, Canada, the United States or Western Europe. Students earning their degrees in a developed country must conduct at least one season of field work in a developing country.

The program was established to honor the accomplishments of Dr. Henry Beachell and Dr. Norman Borlaug, who pioneered plant breeding and research in rice and wheat, respectively.

Monsanto funds the \$10 million program, and Texas AgriLife Research administers it.

Students interested in applying to the program can find more details at www.monsanto.com/mbbischolars or contact Dr. Ed Runge at e-runge (at) tamu.edu.