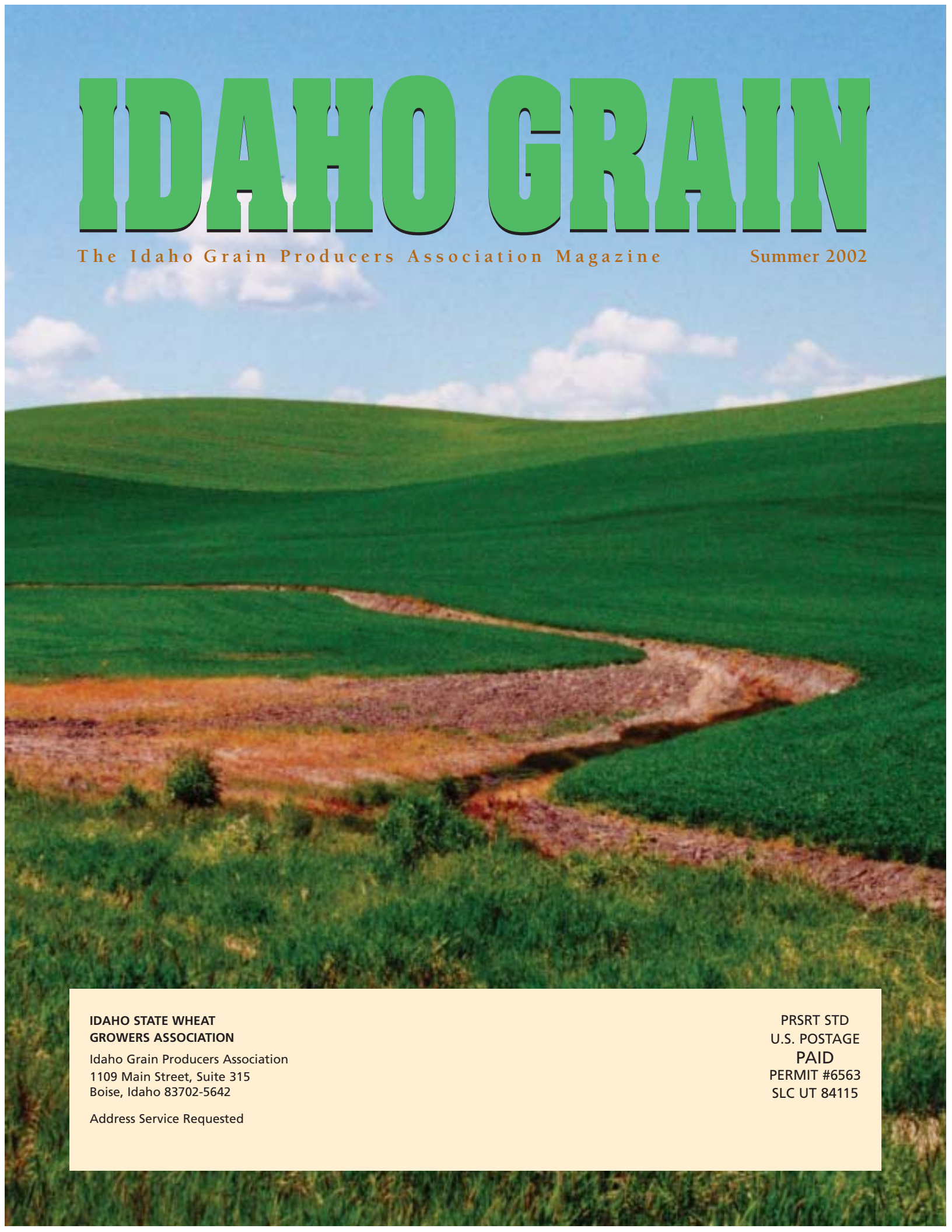


IDAHO GRAIN

The Idaho Grain Producers Association Magazine

Summer 2002



**IDAHO STATE WHEAT
GROWERS ASSOCIATION**

Idaho Grain Producers Association
1109 Main Street, Suite 315
Boise, Idaho 83702-5642

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Dorgan/Grassley Amendment



Articles published by the Environmental Working Group (EWG) have generated controversy over the amount of government spending that farmers receive. While they did expose examples of abuse, the information was presented in a biased manner. The EWG used five years of data and attributed payments to one entity, when several farm families may have shared it. It is not my intention to rehash this emotional topic, but instead to expose the poorly-developed and hastily-passed Dorgan/Grassley Payment Limitation Amendment included in the Senate version of the Farm Bill that came about as a result of the press. The payment limits of the Dorgan/Grassley Amendment are as follows:

- Production flexibility contract and counter-cyclical = max. \$75,000
- Loan deficiency payment and marketing loan gain = max. \$150,000
- \$50,000 spouse allowance
- \$275,000 total limit with spouse
- Elimination of the triple-entity rule

While these lower limits seem reasonable at first glance, further scrutiny reveals otherwise. It was anticipated that only 2% of wheat and barley farms would meet the limits, but taking into account the higher direct and counter-cyclical payments introduced in the House and Senate versions of the new Farm Bill, the situation is quite different. Many small and medium size farms will be affected during a low price year when maximum counter-cyclical payments are triggered. In Idaho, where there is a fairly high "actual production history" (APH), the payment limitations will impact a 1,000 to 1,400 acre farm—adversely affecting more than 2% of the wheat and barley farms in Idaho. It seems incongruous to increase payments while lowering the limits.

The elimination of the triple entity rule will also impact family farms that are legally arranged into father-son corporations. In this case, only one entity will be eligible for government payments. Further, the Amendment blatantly discriminates against spouses by limiting additional program benefits to \$50,000. Since both spouses are often equally liable for the farm, both need to be equally eligible for payments.

The Amendment attempts to address the issue of a few big farms receiving the bulk of government subsidies. However, the result penalizes mid-size farms that have grown in order to become more competitive in domestic and international markets. While market signals require larger operations, the Dorgan/Grassley Amendment seeks to restrict business decisions that would make farming more profitable and less reliant on government payments.

The Idaho Grain Producers Association supports the House version of the latest farm legislation. The House version would limit payments to \$550,000 and allow for the triple-entity rule. The Dorgan/Grassley Amendment is bad legislation. It tries to address the issue of excessive government payments for large farms, but the amendment is too restrictive and disruptive, and it hurts the very farms it is trying to protect.

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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.



WHEAT



BARLEY



BARLEY & WHEAT

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Provided four times a year by the Idaho Grain Producers Association, 1109 Main St., Suite 315, Boise, Idaho 83702. Tel. (208) 345-0706. Send inquiries about articles, editorial content, and additional copies to Steve Johnson at the Idaho Grain Producers Association.

Published by:

Valley Publishing, LLC.

Creative publishing, editing & writing

12 E. Bullion Street, Suite B
Hailey, ID 83333
(208) 788-0770

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Editor's Note

BY STEVE JOHNSON

IGPA Applauds Senator Craig



Idaho's grain producers should be sure to go out of their way to thank U.S. Senator Larry Craig for his efforts to change today's protectionist freight rail policy into one that actually promotes competitive customer choices among freight rail carriers. Although the well-financed lobbyists of the railroad industry have been pressuring Senator Craig to leave their monopoly alone, he recognizes that Idaho's grain growers are suffering serious economic consequences because they do not have competitive transportation choices.

To create a fair and free market transportation environment, Senator Craig has co-sponsored S. 2245—"The Railroad Competition, Arbitration and Service Act of 2002"—which provides for customer choice in a truly free market environment, as well as guidelines for balancing negotiating power fairly between railroads and their formerly captive customers.

Why is this necessary? Consider the data: Many growers in Idaho pay up to 30% of the gross return on a bushel of grain for often unreliable transportation to a final market. When the per bushel prices we can command on the world markets go up, so do our rail transportation rates; but unlike other rail users, grain growers cannot pass the burden of these monopolistic rates on to their customers.

More devastating, though, is the railroad industry's ability to undermine markets that grain growers have spent years building. The most recent example is the Burlington Northern Santa Fe Railroad's (BNSF) decision to price rail service to Portland for grain producers in western Minnesota and eastern North Dakota at lower rates than those offered to grain producers in the northern plains. Although the BNSF doesn't serve Idaho, its "inverse rate" structure has curtailed quality wheat shipments to the Pacific Northwest—Idaho's primary wheat market. Buyers who purchase in the PNW Portland market are already complaining about quality problems, which can be traced back to non-traditional wheat arriving from the areas receiving the BNSF's "special" rates. Quality problems such as these create concern that buyers might look elsewhere for their supplies. Clearly, this BNSF rate practice has the potential to destroy our markets, resulting in the loss of millions of dollars to the state's growers.

But railroad monopoly power has a statewide economic impact that goes far beyond Idaho's grain producers—an impact that can no longer be ignored. For example, FMC Corp. officials have publicly cited the lack of rail-to-rail competition as one of the major contributors to the closure of its Astaris soda ash plant, which cost the state 400 jobs earlier this year. On another front, Union Pacific's recent decision to close a major hump yard in Pocatello—despite its union's efforts to independently meet the railroad's alleged investment needs in that facility—resulted in the loss of hundreds of jobs, and demonstrates the unreliability of UP's commitment to maintaining train building capacity in this state.

Senator Craig understands the negative economic impact that railroad monopoly power has on our state, and is taking the necessary steps toward correcting the problems. The Idaho Grain Producers Association applauds Senator Craig's efforts and urges other state leaders to join with him in his effort to replace the railroads' monopoly power with competitive customer choices.



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Idaho Grain Producers Association Issues

TOM MOSMAN REPRESENTS IGPA AT THE U.S. WHEAT BOARD MEETING IN ORLANDO, FLORIDA

The U.S. Wheat Associates (USW) Board held their annual meeting in Orlando, Florida in January. The board meeting focused on evaluating the financing formula for U.S. Wheat Associates. As the state wheat commissions continue to face low revenues because of low commodity prices and reduced wheat production, U.S. Wheat Associates are facing less than anticipated domestic support for export market development. More than half the member state wheat commissions indicated that they would be unable to meet full assessments this year, and USW president Alan Tracy told the board that management would reexamine its budget in light of the shortfall. "We've already cut any fat that was in the budget," Tracy told board members. "We will now start looking at cutting into the meat of some of our activities."

Other topics of discussion included an examination of national organizational structures. By a vote of 17-2, the board of directors of the Wheat Export Trade Education Committee decided to seek proposals to review the current organizational structures of four national wheat organizations. In March, a committee of producers presented proposals from independent consultants who looked at U.S. Wheat Associates, the National Organization of Wheat Growers, the Wheat Export Trade Education Committee, and the Wheat Foods Council with the task of reporting back to the board on how the structures measure up in terms of efficiency and effectiveness.

IGPA COMPLETES ANOTHER LEGISLATIVE SESSION

The second session of the 56th Idaho legislature is in the history books, and agriculture escaped in good shape. IGPA lobbyist Dar Olberding attended every session and worked hard for grain producers on a variety of fronts. Some of the major issues under consideration included:

HB 734

This bill was an attempt by the Governor's office to regulate grass stubble burning and create a phase-out of burning in two northern Idaho counties. IGPA was very concerned about the long-term affects of the bill. The final bill on burning, as of the end of the session, is rest-

ing nicely in the House Ways and Means Committee, meaning it is officially dead for the year 2002. IGPA didn't support the legislation and now will be watching the Idaho Department of Agriculture in the event they try to impose new rules on all residue burning.

HB 645

IGPA began working on needed changes in the Commodity Indemnity Fund (CIF) law at the close of last year's session. As a result, this bill deals with the bonded warehouse laws and includes language dealing with the commodity indemnity account. The legislation reduces

the minimum amount required to be in the fund from \$1 million to \$250,000. The bill also authorizes the Department of Agriculture to use up to \$250,000 to administer the CIF fund. The one item that caused some concern dealt with the increase in licensing fees and license renewals for Idaho warehouses. IGPA didn't take a position on the fee schedule; however, it did ask the Idaho Department of Agriculture to do more inspections. As a result, this bill mandates that all Idaho warehouses will be inspected annually. With the extra auditing, the IGA can better protect Idaho grain producers

CRAPO, SIMPSON WIN NAWG "WHEAT CHAMPION" AWARDS

when they deliver to a warehouse. **A warning to growers:** You are not covered under the Commodity Indemnity Fund unless you sell to an Idaho licensed and bonded warehouse. The warehouse can reside in another state, but must carry the Idaho license and bond.

SB 1458

This IGPA-supported bill increases the protection a grower has when selling commodities. Commodity liens filed at the Secretary of State's office will be good for growers—especially if you sell a commodity where you do not get paid on delivery. The lien is automatic for 180 days and all that is needed is a sales slip or weigh-receipt. After that, and before the 180 days are over, growers must file with the Secretary of State to make the lien good for one year from the date of filing.

HB 556

IGPA provided support to the Food Producers Minor Crop Committee's efforts to create the Idaho Pesticide Management Commission. The bill passed and was sent to the Governor for signing. The idea didn't work last year, but when presented with "no need for funding," the legislature supported the commission. The commission has since received a grant from the Idaho Department of Agriculture for \$100,000 to start the process. IGPA thanks Representative Darrel Bolz from Canyon County who led the charge for two years.

Idaho Senator Mike Crapo and Idaho Congressman Mike Simpson have both been awarded the National Association of Wheat Growers "Wheat Champion" Award, recognizing the two legislators for their extraordinary service to the wheat industry. IGPA president Eric Odberg presented the awards to both men at the NAWG spring board meeting. In presenting the award, Odberg said, "Both Crapo and Simpson have



Left to right: Eric Odberg, IGPA President, Senator Mike Crapo, and NAWG Secretary/Treasurer, Sherman Reese.



IGPA President, Eric Odberg, presenting Congressman Mike Simpson with the NAWG "Wheat Champion" Award.

been key leaders in developing the 2002 Farm Bill and have worked overtime to ensure that NAWG and IGPA's needs in the Bill are included."

NAWG's "Wheat Champion" Award is given to members of Congress who offer extraordinary support for wheat growers' issues. This year NAWG recognized only eight other members of Congress in addition to Crapo and Simpson.

NAWG HONORS SIMPSON STAFF MEMBER

President Odberg also presented NAWG's "Friend of Wheat" Award to John Revier, Legislative Director for Congressman Mike Simpson. The "Friend of Wheat" award recognizes Congressional staff members who provide extraordinary help and support to wheat growers. In presenting the award, Odberg acknowledged John Revier's efforts to seek input from NAWG and IGPA as the House version of the 2002 Farm Bill was being crafted. "The wheat industry couldn't ask for anyone more willing to work on behalf of wheat growers," said Odberg.



The Long Road to the Farm Bill

by Daren Coppock, CEO, National Association of Wheat Growers and Steve Johnson, Executive Director, Idaho Grain Producers Association

Securing passage of the new Farm Bill—the "Farm Security and Rural Investment Act of 2002"—was not an easy process, with both the Idaho Grain Producers Association (IGPA) and the National Association of Wheat Growers (NAWG) playing a vital role.

After rancorous debate in December failed to produce a bill, the Senate took it up again on February 6 and passed a bill a few days later, incorporating numerous changes which were made on the floor.

More so than in previous Farm Bills, the actual provisions materialized during the conference committee. While there was general agreement on most of the broad program parameters—fixed payments, marketing loans, countercyclical payments, and many others—the details varied significantly within each of the titles. The House bill provided more support via mechanisms decoupled from production, whereas the Senate bill coupled much more of its support to actual production via higher marketing loans.

Several Senate amendments became key points of debate in conference: the Dorgan/Grassley payment limitations amendment—proposed by Senators Durbin and Lugar changing the definition of "planted and considered planted;" packer ownership of livestock; dairy policy; and provisions introduced by Senator Harry Reid that would allow water rights to be separated from land under CRP contracts (these water provisions were not discussed in the committee hearings, but were sneaked into the bill between the committee

mark-up and the Senate floor). NAWG anticipated a spirited debate over payment limitations, on the part of interests who wanted to use the limitation issue as a Trojan horse to attack farm spending in general. NAWG was ready for the issue and a compromise was struck.

NAWG/IGPA visits to Capitol Hill in February and March focused on encouraging dialogue and compromise between Senate Democrats and Republicans. Upon passage of the Senate version, the NAWG/IGPA focus shifted to communicating our priorities to members of the conference committee, listed below:

House Republicans

Larry Combest (TX) Chair
John Boehner (OH)
Bob Goodlatte (VA)
Richard Pombo (CA)
Terry Evertt (AL)
Saxby Chambliss (GA)
Jerry Moran (KS)

House Democrats

Charlie Stenholm (TX)
Gary Condit (CA)
Collin Peterson (MN)
Cal Dooley (CA)
Eva Clayton (NC)
Tim Holden (PA)

Senate Democrats

Tom Harkin (IA)
Patrick Leahy (VT)
Kent Conrad (ND)
Tom Daschle (SD)

Senate Republicans

Dick Lugar (IN)
Jesse Helms (NC)
Thad Cochran (MS)

Committee staff began immediately comparing provisions of the two bills in preparation for the con-

ference, where Members would resolve the more contentious issues.

NAWG/IGPA's ultimate goal was to have a version very close to the House-passed bill emerge from conference, be approved by both houses, and signed by the President. While both primary Senate proposals included the same structural elements, the House bill came closest to what NAWG/IGPA initially proposed. The original NAWG/IGPA proposal, introduced to the House Agriculture Committee in March 2001, called for maintaining many of the provisions of the 1996 bill, while adding a countercyclical payment triggered by price but decoupled from production. Several other commodity organizations in Washington D.C., including cotton, sorghum, and rice, the American Farm Bureau, the Bush Administration, and last year's Farm Foundation survey of producer preferences, also supported the House bill.

While the countercyclical structure in some ways resembles the old deficiency payment setup, both the House and Senate countercyclical proposals differed in one important way from the old deficiency payments: The countercyclical payments (CCP) do not go up with increased production, thereby avoiding a direct planting incentive. Critics of increased loan rates pointed out that growers must raise a crop to get support under a high loan rate program; the CCP mechanism also avoids that pitfall by severing the link to actual production.

NAWG/IGPA argued that the best way to provide the necessary support to farmers is through higher fixed payments and target prices, rather than through dramatically

higher loan rates. NAWG and IGPA agreed that fixed payments are the least-distortive way to provide support, and supported their increase and continuance in the new bill. However, the NAWG CCP was designed so that it activated only when prices were low, avoiding the publicity problems of high prices and high fixed payments in the same year. Tying support too strongly to loan rates, rather than decoupled mechanisms like fixed payments of the CCP, also provides no support in the years when crops fail. Loan rates and LDPs apply only to bushels that are produced. High loan rates also run the risk of providing production incentives, and

thereby complicating our compliance with trade agreements.

The accompanying chart compares key features of the NAWG/IGPA proposal and the new Farm Bill.

On Monday May 6, President Bush signed the 2002 Farm Bill into law with representatives of NAWG in attendance, including NAWG President Gary Broyles. The long road to a new Farm Bill had been negotiated.

Our ability to develop and promote a comprehensive proposal is the result of hard work by many people in the NAWG/IGPA family. Idaho growers should be proud of the work done by their state and national officers, and board mem-

bers, whom worked overtime on behalf of the industry.

NAWG and IGPA are viewed in Washington as credible representatives of the opinions of their members. IGPA's close working relationship with the Idaho congressional delegation is very helpful to NAWG. Maintaining this link to our "wheat roots" is vital, and requires the personal involvement of individual members in their state associations and strong links between NAWG and the states. On behalf of your wheat team in Washington D.C., and Idaho, thank you for the support and input this past year.

	NAWG	HOUSE BILL	SENATE BILL	FINAL
SUPPORT LEVEL/ TARGET PRICE	\$4.25	\$4.04	\$3.45	\$3.86 (02-03) \$3.92 (04-07)
FIXED PAYMENT	\$0.64	\$0.53	\$0.45 (02-03) \$0.225 (04-05) \$0.11 (06)	\$0.52
BASE PAYMENT%	85%	85%	100%	85%
LOAN RATE	\$2.85-3.05	\$2.58	\$3.00	\$2.80 (02-03) \$2.75 (04-07)
CONSERVATION	Fully fund existing programs; new programs from new money only	Fully fund existing programs	Create CSP, increase funding to existing programs	CSP entitlement created; EQIP phase-up to \$1.3B/yr.
LENGTH (YEARS)	10	10	5	6
BASES & YIELDS	Retain bases and yields	Optional base update; Retain yields	Option to update both bases and yields	Option to update base; Two yield update options 70% of difference (actual-program) or 93.5% of actual)
PAYMENT LIMITS	Eliminate	Fixed+CC: \$115,000 LDP/ML: \$75,000	Fixed+CC: \$100,000 LDP: \$75,000 \$2.5M AGR cap	Fixed \$40,000 CC: \$65,000 LDP: \$75,000 \$2.5M AGR cap
CRP ACREAGE	36.4 million(no change)	39.2 million	41.1 million	39.2 million
TRADE FUNDING	Increase	Increase	Increase	FMD: \$34.5M MAP: \$200M



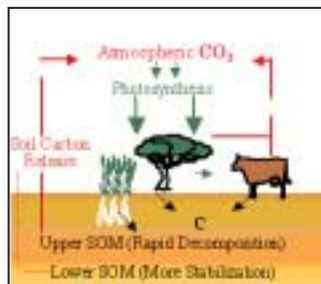
Carbon Sequestration

Growers have always provided a variety of benefits to society as a whole: a safe and abundant food supply, a variety of fibers, clean water, open land for wildlife, and a host of other environmental benefits. Society may also have other demands that growers can provide. This past year saw many in southern Idaho take part in a power buy-back program. Leasing of land for wind energy generation has already provided farmers in the Pacific Northwest with some additional income. And now there is carbon sequestration. Will this become a form of value-added agriculture?

Currently there are no official carbon trading rules and no established markets. Nonetheless, trading is starting to happen as growers step up to meet another consumer demand.

What is soil carbon sequestration?

Carbon sequestration is the long-term storage of carbon in the soil and in living and dead vegetation as a way to offset carbon dioxide emissions. By absorbing carbon instead of emitting it, soils can evolve from carbon sources to carbon sinks. Carbon entering the soil in the form of



roots, harvest residues, and animal manure is stored primarily as soil organic matter (SOM). As SOM is allowed to accumulate, it can be traded for carbon dioxide released from other sources.

Atmospheric carbon is an outgrowth of our society—largely as a

result of fossil fuels used to power cars and drive industry. A growing number of people believe that increased levels of carbon are causing global warming and climate change, and governments and industries are starting to address this problem by paying for carbon sequestration.

Which agricultural and forestry activities sequester carbon?

Soil conservation practices not only reduce soil erosion but also increase the organic matter content of soils. Principal conservation strategies which sequester carbon include conservation tillage and USDA programs such as CRP, the Wetland Reserve program, and the conservation buffer strip initiative.

The total carbon sequestration and fossil fuel offset potential of U.S. cropland is estimated at 154 million metric tons of carbon per year, or 133 percent of the total emissions of greenhouse gases by agricultural and forestry activities.

How accurately can we measure carbon sequestration in agricultural soils?

The most direct means of determining soil carbon sequestration is to measure, over time, sequential changes in soil carbon. The Agricultural Research Service (ARS) is measuring carbon dioxide emissions from soil during tillage, and analyzing the rates of storage of atmospheric carbon dioxide as organic carbon in soils, following the adoption of conservation practices.

Locally, gas collection chambers, similar to the one shown above, are being used to capture carbon dioxide emissions from the soil after different management systems. D. Bezdicsek at Washington State University, Pullman, WA, and S. Albrecht, USDA-ARS, Pendleton, OR, using similar devices,



A gas collection chamber, designed by ARS scientists in MN, is used to capture carbon dioxide emissions from the soil after different management systems. This view shows it being lowered to the soil surface immediately after moldboard plowing winter wheat stubble.



The gas collection chamber is measuring carbon dioxide emissions on undisturbed (no till) soil after winter wheat harvest.

have found that both tillage and cropping system influence the sequestration of carbon.

How are agricultural soil sinks treated in the Kyoto Protocol?

Agricultural sinks are acknowledged in the Kyoto Protocol in a limited manner. Carbon credits are the baseline for measuring how valuable the practice may be. Under the International Gas Emission Treaty of the Kyoto Protocol, a unit of trade is called an ERU (Emission Reduction Unit), and is measured in metric tons of carbon dioxide equivalent. A ton of carbon is equal to 3 2/3 tons of carbon dioxide.

Hopefully, the marketplace will continue to place an increasing value on non-traditional uses of the land, as well as the time-honored stewardship that growers have used to provide a quality food supply.



Direct Seeding and Carbon Sequestration in the Inland Pacific Northwest

by Tanya Wojtowych



Dealing with high erosion problems and increasing production costs has led a number of dryland wheat growers in northern Idaho, Oregon, and Washington into the evolving world of direct seed farming. Although direct seeding is not the answer for every wheat farmer, it is providing benefits to an increasing number of growers.

One of the recent accomplishments of the Pacific Northwest Direct Seed Association (PNDSA) was the historic signing of an agreement between PNDSA and Entergy Corporation. Entergy will pay direct seed farmers for offsetting the carbon dioxide emissions from the company's power plants in the United States. Entergy's offer to lease 30,000 tons of carbon dioxide emission offset credits from PNDSA over a ten-year period is the first lease agreement for offsetting carbon dioxide emissions, and has engendered interest from around the world.

Karl Kupers, a Harrington, Washington grower and current PNDSA president, led the negotiations. "This project opens the door to tremendous potential for the future," says Kupers. "We are interested in leasing carbon dioxide offsets, sequestered in the soil, rather than selling them and permanently transferring risk to the landowner."

PNDSA growers interested in participating in the program can offer up to 100 acres of direct-seeded land. Each will be paid according to the acreage offered and the number of years those acres have been direct seeded (acres x years direct seeded x 0.15 tons/acre/year x price). The price

will be approximately \$7.34 per ton. For the next ten years, growers must agree not to till or burn the designated acreage. The land cannot be contracted to any other party until the end of the contract; however, at that time, the grower can lease or sell at his discretion any credits that were sequestered since the lease was signed.

seed method of farming. It is a win-win scenario for farmers and the environment alike because the cropping system minimizes the disturbance of soil before planting. The residue left on the soil surface provides greater habitat for birds and other wildlife, and facilitates the buildup of organic matter, which



A Flexi-Coil drill direct-seeding spring wheat into the stubble of a previous 82-bu winter wheat crop on the Riggers Farm in Lewis County, ID.

The response to the PNDSA-Entergy agreement has been widespread. Because improvements in land management through practices such as direct seeding and reforestation are now being considered internationally as a means to stabilize or reduce the amount of greenhouse gases in the atmosphere, media coverage and inquiries have come from across the country and around the world.

According to Kupers, this is a pilot project and the acreage dollars involved are minimal; however, he expects that the future may hold a higher per ton value for carbon.

The potential to store carbon in the land is a bonus, but not the primary reason for adoption of the direct-

seed method of farming. It improves soil quality and potentially, increases yields.

However, potential benefits come with real financial and economic risks, especially in the Pacific Northwest where direct seed cropping systems are more risky and less attractive to growers than in other regions of the world. The lease agreement between the PNDSA and Entergy is one way to offset the financial risk and to encourage growers to adopt direct seeding.

For additional information on carbon sequestration and the role of direct seeding, contact Tanya Wojtowych (509) 543-2054 or visit www.directseed.org

THE IDAHO CARBON SEQUESTRATION INITIATIVE

Idaho's conservation partnership—the Conservation Districts, the Soil Conservation Commission, and the Natural Resources Conservation Service—is very interested in the issue of carbon sequestration, because many conservation practices do sequester carbon.

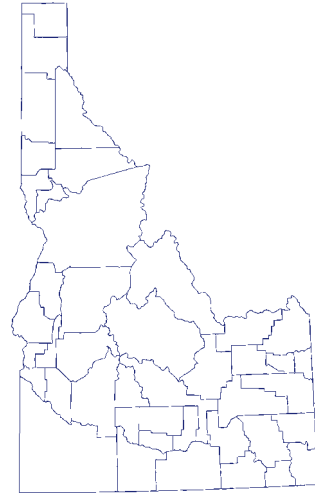
The sequestering of carbon could provide additional income to farmers, ranchers, and woodlot owners, but will depend on the creation of a carbon credit marketing system. If a system gets up and running, an organization will be needed to certify that sequestering plans are in fact being implemented and functioning. The conservation partnership anticipates playing a role in developing the certification process.

Recently passed Idaho Senate Bill 1379, authorizes the Idaho Soil Conservation Commission to head up a 16-member advisory committee to study this issue and develop a report for presentation to the Idaho Legislature in February 2003. The committee will identify and recommend policies and programs which deal with carbon trading for agricultural lands that will enhance the ability of the landowners to offset carbon emissions from other sectors of the economy.

According to Senate Bill 1379: "It is in the interest of agricultural producers, non-industrial private forest landowners, and the public in general that the soil conservation commission documents and quantifies carbon sequestration and greenhouse emissions reductions associated with agricultural and forest practices, management systems, and land uses occurring on cropland, forest land, and rangeland in Idaho. It is the intent of the legislature that efforts to quantify and verify carbon sequestration on (such lands) will enhance the ability of the state's agricultural and non-industrial private forest landowners to participate in any system of carbon sequestration marketing or trading."

Idaho is one of the few remaining states in the US to develop a climate change program or a greenhouse gas inventory. All the states bordering Idaho (except Wyoming) have developed greenhouse gas inventories and are currently evaluating ways to manage their emissions. The Bill will become law July 1, 2002

For additional information please contact David Ferguson, Project Specialist, Soil Conservation Commission, Boise, (208) 332-8650.



PACIFIC NORTHWEST DIRECT SEED ASSOCIATION (PNDSA)

PNDSA's primary objectives are to facilitate information exchange, access funding, coordinate research efforts in accordance with grower needs, influence regulations and public opinion, seek out value-added opportunities, and develop incentives for farmers who are facing the challenge of transition.

To facilitate communications, PNDSA has initiated a quarterly newsletter, *Direct Link*, and established a website at www.directseed.org.

The mission of PNDSA is to facilitate adoption of economically viable and environmentally sound direct seed cropping systems. Just as sequestering carbon is only one of many benefits derived from direct seeding, eligibility to lease carbon offset credits is only one of the many benefits of PNDSA membership. The Association was formed in 2000 with the goal of increasing the number of direct seeded acres in the Pacific Northwest to 2 million by 2005. In two years, membership has reached 370, representing more than 500,000 acres of farmland.

Grower-Funded Research

A Project Summary

Project Title: Starch Factors Governing the Quality and Functionality of *Soft Wheat Flour*

Primary Researcher: K. Huber, Food Chemist, University of Idaho, Moscow

Overall Goal: To identify the attributes in wheat starch that explain the variable physical properties seen in flours and starches obtained from (1) different wheat genotypes and (2) identical wheat genotypes grown in different environmental conditions.



What is Starch?

Starch is the main component in a wheat kernel. When water is added to starch and heated, the structure absorbs the water and expands. As the starch absorbs the water, it sticks to other starch particles to form a gel, which acts as a thickening agent and affects product texture.

Bakers rely on the properties of starch for the structure of many baked goods. The quality and consistency of the starch have a direct impact on the finished quality of cakes, cookies, noodles, and other products.

Why is this important?

Consumers expect a certain level of quality in the food products they consume. To get good quality products means that the right ingredients need to be added at the correct levels, and in the proper combinations to yield an acceptable product. Just one negative experience with a food product can greatly reduce the number of repeat customers, resulting in lost revenues to the retailer. Retailers have turned to their respective ingredient and commodity suppliers to seek consistency in the raw materials they are supplying. That, in turn, leads back to the wheat grower who is supplying the main ingredient in wheat-based foods. With increasing competition in international markets, issues of end-use quality and functionality are becoming increasingly important criteria used by potential buyers to guide purchasing decisions.

Soft white wheat is the primary ingredient in cookies, crackers, noodles, etc. For many soft wheat applications, the quality of flour is strongly influenced by the properties of the starch—the primary component of milled flour.

Starch properties associated with flour quality have been observed to vary by cultivar, as well as within a single cultivar, due to variable growing environments. Our research shows that both sources of varying quality appear to be significant. To produce a more consistent starch component in our wheat year after year, the underlying basis for these fluctuations has to be identified.

An understanding of the factors that dictate flour properties (among various cultivars) will provide wheat breeders with a greater knowledge base for making future selections. This research should help growers by:

- improving their ability to effectively target new and emerging markets.
- determining to what extent these factors may be controlled or standardized at the production level to maintain consistent quality.
- giving Idaho growers a greater understanding of these factors so they can meet the changing quality demands of consumers and food processors, both domestically and internationally.

*For more information on this project, contact Kerry Huber, UI (208) 885-4661
or Patricia Dailey at the IWC office (208) 334-2353.*



Rural Families Receive Training Boost

Information provided by College of Agricultural & Life Sciences, University of Idaho

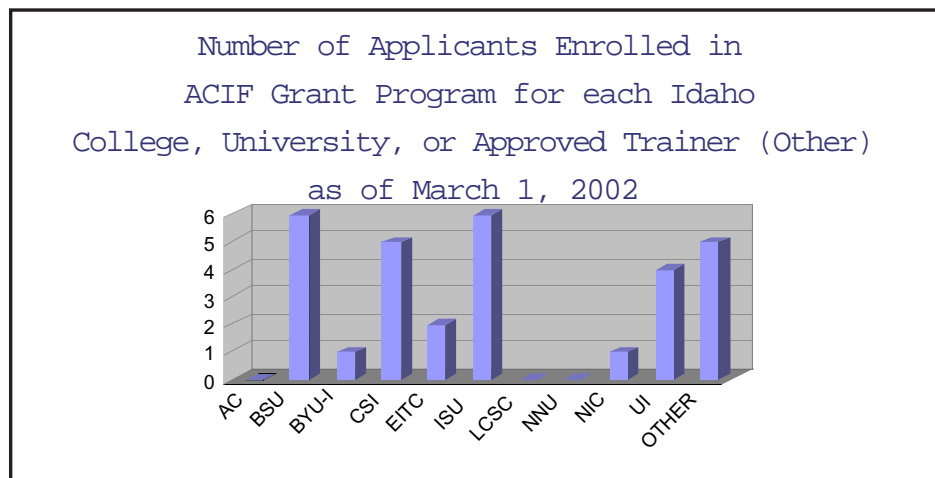
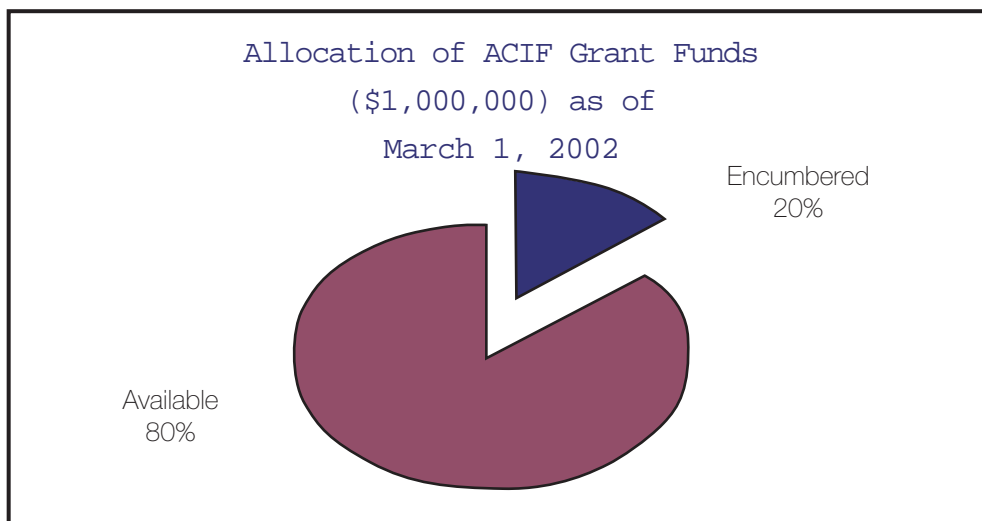
Many rural Idahoans may be able to improve their economic status and stay on their farms and ranches through assistance from the new Alternative Careers for Idaho Farmers (ACIF) program. The two-year program is supported by a federal grant to the University of Idaho from the U.S.

Department of Labor's Workforce Investment Act.

ACIF hopes to improve the ability of farmers and ranchers to earn a reasonable living by providing funds to learn new skills—enabling them to augment their earnings so they can keep their farms. According to Nance Ceccarelli, ACIF program manager, 230 farmers and their

spouses have been contacted since November 1, 2001. Of those 230, 52 applied and 30 are enrolled in Idaho colleges, universities, or other approved training programs. Of the total \$1 million in grant funds, \$207,000 has been allocated as of March 1, 2002.

"A lot of people haven't heard about the program," says Tom



Stroschein, one of the coordinators and a former Idaho Wheat Commissioner. "We hope additional candidates will apply."

"It's not the end of the road but the beginning of a new one," said Brad Jahn, also a program coordinator.

ACIF creates individualized training programs for members of farm and ranch families in an effort to help them continue successful operations and sustain a rural lifestyle.

"ACIF is a chance to draw upon a person's experiences and education and to start a new job or new career."

Based on one-on-one (often face-to-face) interviews, ACIF creates individualized training programs for



members of farm and ranch families in an effort to help them continue successful operations and sustain a rural lifestyle. Many applicants are spouses of farmers, Cecarelli said. Education, health care, and commercial truck driving are the three largest areas of applicant career interests.

More education will allow members of farm families to teach math, science, and special education in Idaho's schools. LPNs (licensed practical nurses) who seek the elevated status of registered nurse, or those who upgrade their skills, are in high demand. Some farmers have skills that will qualify them for employ-

ment as truck drivers and heavy equipment operators after minimal certification training.

Applicants can receive support for training, tuition, fees, books, child care, transportation, car repair, equipment, and eyeglasses—the amount of financial support available to each farm family is based on which training programs are needed. For a six-month or short-term pro-

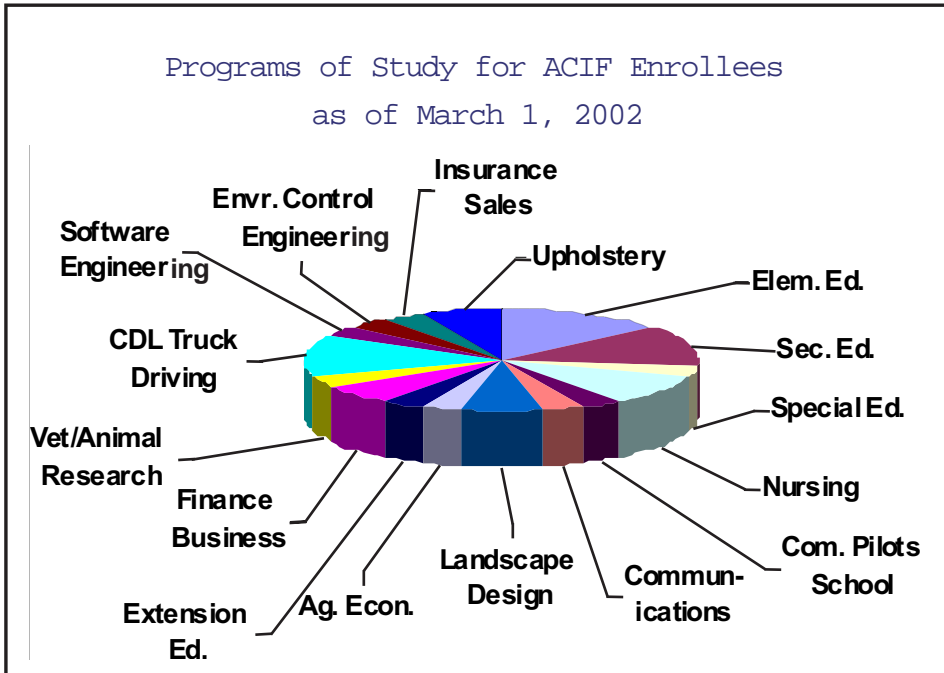
gram, the average amount available is \$4,000; medium-term programs requiring seven to 15 months to complete qualify for an average of \$9,000; and long-term programs

requiring up to two years receive an average reimbursement of \$15,000. If the ACIF program is not the right fit for an individual, applicants are referred to other agencies where help may be available. "We are looking for partners," Ceccarelli explained. "Businesses such as American West Bank have on-the-job training available for an ACIF enrollee who has skills and knowl-

edge, but no experience outside of farming."

Although the ACIF program is funded for two years, its leaders are committed to long-term success, however, with about \$1 million allocated to Idaho, resources will not keep pace with demand for services.

"The reality is we can't fix everything," Ceccarelli said, "but we can help build support bridges for individuals." For more information about ACIF call 208-885-9707, email acif@uidaho.edu, or visit www.ag.uidaho.edu/acif



edge, but no experience outside of farming."

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edge, but no experience outside of farming."

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NATIONAL NEWS

IGPA VICE PRESIDENT GALLUP AND IBC COMMISSIONER SIMMONS ATTEND NATIONAL BARLEY GROWER POLICY MEETING

Members of the National Barley Growers Association board of directors met in Washington D.C. in March to review and set policy for 2002. IGPA Vice President Gordon Gallup and IBC Commissioner Gary Simmons represented Idaho. IGPA VP Gallup commented, "This was one of the best NBGA meetings we have had. We spent two full days fine tuning national barley policy and we came away with a clearly defined message for Congress."

The NBGA board established the following priorities for 2002:

FARM PROGRAMS & POLICY

2002 Farm Bill

NBGA supports a Farm Bill that provides a minimum of \$48.886 billion distributed equitably (in total support) between all program crops in new commodity title spending, and contains the following components, reflecting the three-legged stool approach: 1) Equitable marketing loan program; 2) Fixed de-coupled payments; 3) De-coupled counter-cyclical safety net, triggered by low prices.

Loan Rate Reform

NBGA supports an equitable loan rate for barley relative to other crops (barley's current loan rate is a percentage of the corn rate). Half of annual U.S. barley production is used to produce higher value food quality barley malt. In addition, the barley marketing loan must provide a safety net comparable to competing crops when prices fall below the loan level. The current feed-based linkage to corn is diverting acres from barley to wheat and oilseeds,

which have higher relative loan rates. NBGA supports language in the Farm Bill to eliminate USDA's discretion to reduce loan rates during the life of the Farm Bill. The USDA should reconstitute calculations of daily loan repayment rates to more accurately reflect local cash values rather than arbitrary values from the higher of two "terminal locations".

Fixed de-Coupled Payments

NBGA supports the highest fixed payment over the life of the Farm Bill (non-declining).

De-Coupled Counter Cyclical Safety Net Triggered by Low Prices

NBGA supports a de-coupled counter-cyclical payment. NBGA supports a counter-cyclical income support program that adequately increases payments to producers when farm prices decline below predetermined support levels.

FARM BILL DELIVERY MECHANISMS

Optional Base Acreage Updating

NBGA supports: (1) Maintaining current program contract acres plus the average of the acres used for recent oilseed payment program, the total of which cannot exceed the cropland acres on the farm; (2) Average acres planted or considered planted (prevent plant acres) to a program crop and/or oilseed for the years 1998-2001, not to exceed total cropland acres.

Yield Updating

NBGA opposes Yield Updating.

Payment Limitations

NBGA supports the limitations as set forth in the House bill.

FARRM Accounts

NBGA thinks FARRM Accounts could replace Disaster Programs, triggered by crop losses as defined by the Multi-Peril Crop Insurance Program.

Conservation

NBGA supports capping the spending level as reflected in the House bill.

Disaster Payment Amendment

NBGA supports the disaster payment amendment (Senator Baucus Amendment) as reflected in the Senate bill.

Klamath Basin Amendment

NBGA supports the Klamath Basin Amendment of \$175 million as reflected in the Senate bill.

Taxes

NBGA supports a reduction in estate and capital gains taxes and implementation of an investment tax credit.

Trade Negotiating Authority

NBGA supports the extension of trade negotiating authority with the following objectives:

- Eliminate market and trade distorting practices of STEs.
- Create a tough and enforceable dispute settlement mechanism for sanitary/phytosanitary disputes.
- Eliminate export subsidies.
- Continue reduction and elimination of tariffs.
- Continue reduction and elimination of non-tariff impediments to accessing foreign markets.
- Continue reduction of production-based direct subsidies to producers.
- Ensure that decisions regarding the trading of gene-modified organisms are based on science-based standards.



McDonald Elected Chairman, U.S. Wheat Associates Board of Directors



Jim McDonald, Idaho Wheat Commissioner from Grangeville, was recently elected Chairman of the U.S. Wheat Associates (USW) Board of Directors at their annual winter meeting held in Orlando, Florida in January. Elected officers for 2002-03 will assume their new duties following the summer board meeting, to be held in Oklahoma City in July.

Jim has been involved in wheat organizations since 1964 and has extensive experience in the grain industry at the county, state, national, and international levels. "Approximately half the wheat grown in the U.S. is exported, making export sales an important factor in farmers' profitability," said McDonald. "That is where USW serves a vital purpose. The wheat industry is facing challenges such as maintaining our export markets, dockage, and quality issues. It is a unique time to be able to serve wheat producers from Idaho."

USW develops international markets on behalf of American wheat farmers. Through its market development work in more than 120 countries, USW works to increase wheat consumption and U.S. market share for all classes of U.S. wheat. Foreign Agriculture Service dollars and USW are jointly funded by producer check-off contributions to state wheat commissions.

Dick Whitman Receives Governor's Award for Excellence in Agriculture

Governor Dirk Kempthorne recently presented the "Environmental Stewardship" award to Dick Whitman, for his outstanding commitment to educating consumers and producers regarding agriculture and the importance of protecting our natural resource base. Dick is owner and operator of Whitman Farms near Culdesac—an operation that includes dryland crops, range cattle, and timber. The 13,000-acre farm serves as a successful family business, as well as a learning environment for a wide variety of people—from foreign trade teams and legislative aides, to youth, educators, and political decision makers.

Rick Waitley, President of Waitley Associates, has worked with Dick for many years on a variety of state, regional, and national boards and commissions. "Dick is deserving of this special recognition," says Waitley. "He is a strong advocate for agriculture." His education and experience make him a rich asset to Idaho agriculture. Dick is not afraid of change, nor does he hesitate to express his opinion regarding agriculture and natural resource issues."

In 1988, Dick established Camp Whitman, whose mission is to increase understanding and appreciation of the role that agriculture and timber play in the sustainability of natural resources. Each year the camp introduces hundreds of students and teachers to key natural resource concepts, such as multiple use, renewable resources, and how the land can be managed, shared, and sustained for future generations.

Idaho Wheat Commission Says Good-Bye to Executive Director, Dave Sparrow



Dave Sparrow, Executive Director of the Idaho Wheat Commission (IWC) passed away on Thursday, January 17, 2002 after an eight-month battle with cancer. He was 51 years old. "The Idaho Wheat Commission and the agricultural community have lost a great man," noted Hans Hayden, IWC Chairman. "Dave was an outstanding leader as well as a friend to all of us here at the IWC. He was a quality individual and a team player dedicated to making others successful. Those who knew Dave Sparrow will say he always gave 100% to his family, his job, and his community."

Dave had been the Executive Director of the Idaho Wheat Commission since 1996. Prior to the IWC, he was Chief of the Bureau of Warehouse Control at the Idaho State Department of Agriculture. Dave was a decorated veteran of the U.S. Navy and had been actively involved with the agricultural industry for the past 24 years. Most recently he served as the Vice Chairman of the Idaho Food Quality Assurance Institute, the Chairman of the U.S. Wheat Associates Hard White Wheat Committee, and served on the Idaho State Department's Noxious Weed Committee.

Dave's sense of humor, along with his positive attitude and talent for bringing people together, will be greatly missed. His passion and dedication to his work, his family, and his community were an inspiration to all those who knew him.



From Idaho to the Columbia River to the World

by David Hunt, Executive Director, Columbia River Channel Coalition



ut of sight should not mean out of mind. Although the deepening project of the lower Columbia River navigation channel is far from the grain fields of Idaho, the future of both are closely linked.

Like the entire Northwest, a large portion of Idaho's economy is dependent on international trade. The Columbia/Snake River system serves as the primary route to ship Idaho's grain and other exports around the world. The future viability of this transportation system is directly dependent on deepening the lower Columbia River navigation channel from 40 to 43 feet.

For over 100 years the lower Columbia River channel has been dredged to ensure the safe passage of cargo ships. However, the existing channel is not deep enough to handle the new generation of larger, deep-draft vessels when they are fully loaded. As these ships enter the trade in greater numbers, the channel depth limitation threatens our ability to gain efficient access to world markets.

Beginning in 1988, the lower Columbia River ports asked the U.S. Army Corps of Engineers to study the need to deepen the channel. Over ten years later a Feasibility Study was completed (1999). After further refinements and studies, it is hoped that construction will begin this year.

ECONOMICALLY SOUND

The Columbia River is our nation's largest wheat and the world's second largest grain export system. More than 1,000 businesses and farms ship over \$14 billion of exports via Columbia River oceangoing vessels each year.

Over 40,000 regional jobs are dependent on Columbia River seaport activity, with average wages of \$46,000. An additional 59,000 jobs are positively influenced by such maritime commerce. These jobs range from wheat farmers in Idaho to long-



shoremen in Portland, from grain elevator employees in Kalama, Washington to bar pilots in Astoria, Oregon.

The U.S. Army Corps of Engineers' five-year feasibility study determined that this project will provide \$34.4 million in annual transportation cost savings for U.S. businesses and farmers. Regional economic benefits to Idaho and the Northwest will be even more significant.

ENVIRONMENTALLY SOUND

The project will require deepening approximately 54% of the 600-foot wide navigation channel—only 3.5% of the total Columbia River—between the Pacific Ocean and the Portland/Vancouver area. The remain-

der of the channel is already naturally deeper than 43 feet.

The Biological Assessment (BA), completed in January, concludes that the project "can be completed without long-term negative effects to salmonid populations." The Corps worked with an independent panel of scientists to identify the best available science and evaluate the wide range of issues connected with the project. New monitoring and research will add further valuable scientific information.

This BA also adds ecosystem restoration measures that go above and beyond any project impact to actually improve the habitat and environmental quality of the Columbia River. For more information about the BA, visit the Corps' website at www.nwp.usace.army.mil/issues

MOVING FORWARD

The National Marine Fisheries Service and the U.S. Fish and Wildlife Service have both issued favorable Biological Opinions on the deepening project. State resource agencies are also conducting environmental reviews. We can achieve both economic development and environmental protection through the Columbia River channel deepening project. This will ensure that Idaho's grain continues to be shipped around the world—strengthening our economy at home.

Dave Hunt serves as Executive Director of the Columbia River Channel Coalition, which represents port, business, union, agricultural, and other organizations throughout the Northwest in support of Columbia River maritime commerce and channel deepening.

WILL THREE FEET REALLY MAKE A DIFFERENCE?

The Columbia River first loaded wheat on an ocean-going vessel bound for Liverpool in 1869. Since then, the importance of the river in export of wheat has grown along with the Pacific Northwest's economy and population.

Approximately 70% of Idaho's wheat is exported. Anything that affects export facilities affects Idaho producers. The additional three-foot channel depth would result in an average wheat transportation cost per-ton reduction of 4% to 5%—a savings of \$0.75 to \$1.10 per ton. There are times when we lose sales by just that little. If Australia offers wheat at \$130 per ton and the U.S. offer is \$131 per ton, we can lose the sale.

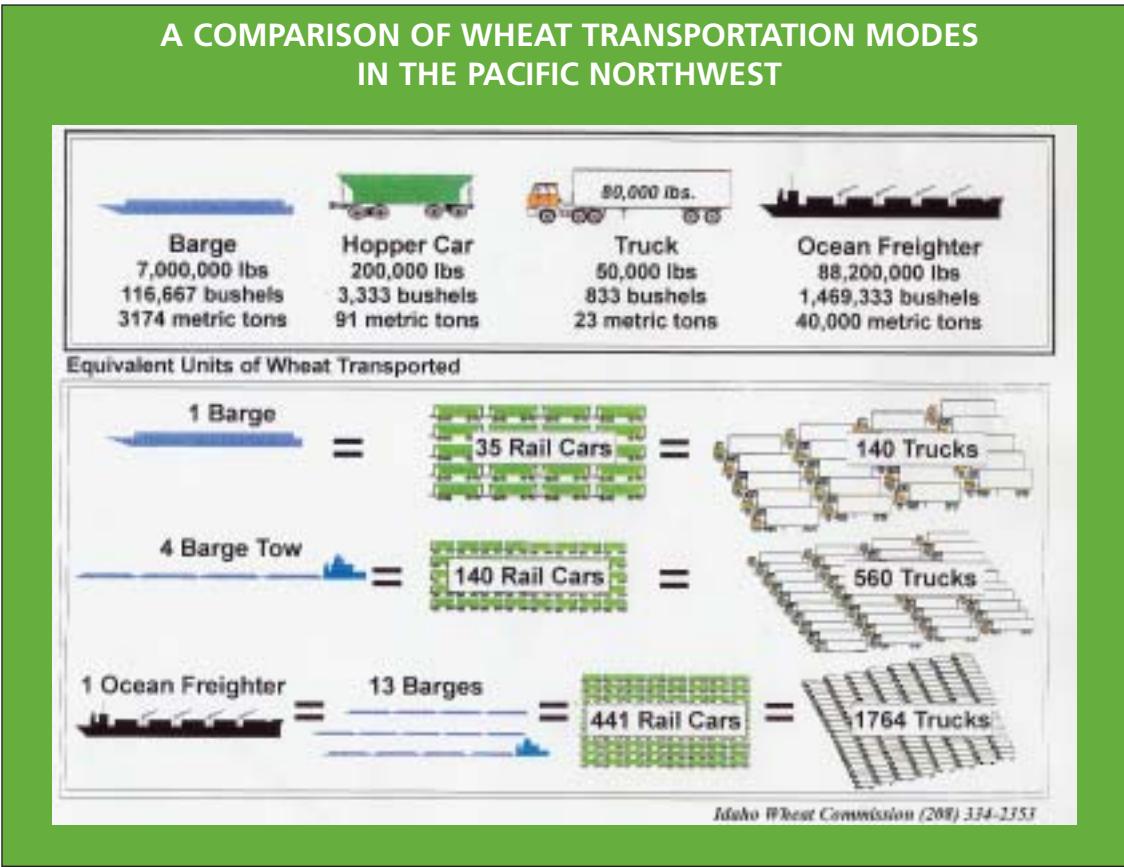
New, fuel-efficient ships have been entering world trade since about 1986. These larger vessels carry more cargo, and are equipped with better safety features—protecting people and the environment. The current navigation channel can't accommodate these new deep-draft vessels when they are fully loaded. To remain a viable world class seaport, we need to provide the navigation capacity and facilities to move regional products to the world markets.

It has been estimated that for each extra foot of draft added to the river channel, a modern deep draft vessel can carry an additional 2,000 tons of wheat. Depending on the export price received, that extra foot of water can mean an additional \$250,000 in grain cargo per foot of added cargo capacity. The deep draft channel keeps transportation costs down. More than 70% of the vessels in the transpacific trade are constrained by the 40-foot channel depth.

Three categories of vessels move wheat, each containing a range of dead weight tones (DWT):

- A 60,000 DWT Panamax has a draft of 41 feet when loaded. The draft of such a vessel would exclude it from operating fully laden from Portland.
- A 40,000 DWT Handymax vessel has a loaded draft of 38 feet.
- A 30,000 DWT Handysize vessel has a typical loaded draft of 34 feet.

Grain sales are decided on just a few cents per bushel. Transportation costs are the critical factor in the shipment of wheat. Three feet does make a difference!





U.S. Food Aid Programs



There are 815 million malnourished people in the world today. Recently, the U.S. Wheat Associates (USW) board, representing wheat growers in 19 states, unanimously urged the Bush administration to take more aggressive action in the world war on hunger. Opposing administration proposals that would cut Food Aid, the USW board proposed an increase in food donations and USDA programs.

Food Aid programs have accounted for as much as 10 percent of U.S. wheat exports in recent years, so changes to the programs are important to America's wheat farmers.

Food Aid programs need continuity and creativity to maximize their effectiveness. USW opposed the elimination of Section 416 (b) and Food for Progress programs and recommended that USDA continue those or similar programs.

USW analysis shows that nearly 3 MMT of wheat donations are needed annually by countries that rely on bread and other wheat-based foods for daily sustenance. Such donations ensure that hungry people receive clean wheat with high nutrient value, and help reduce supplies at the same time.

USW has called for the development of a formal advisory group to advise U.S. agencies on the specifications for Food Aid donations. Donations must be culturally sensitive, and government agencies need to seek advice on which Food Aid programs are appropriate for individual coun-

tries so they don't interfere with U.S. commercial activities.

Afghanistan is a good example of a country which recently received PNW wheat under Food Aid pro-

Such donations ensure that hungry people receive clean wheat with high nutrient value, and help reduce supplies at the same time.

grams. In 2001-02, over 292,000 MT were sent to that country, making it the 15th largest "importer" of U.S. wheat.

As a primary staple food, wheat is ingrained in Afghanistan's culture. Unlike some of the world's nomadic cultures, Afghan households do not usually pound their own wheat. Afghanistan's rivers, streams, and seasonal winds are harnessed to operate the diesel or electric operated mills.

The Afghan people mill a quarter of their needs for a 6-9 month period at one time. They do not do it on a daily basis for a variety of reasons—frozen water during winter, non-functioning mills, limited access, and seasonal winds.

DESCRIPTION OF PROGRAMS

Food Aid programs are statutory, and have been developed through a continuing partnership between the USDA, Congress, the agricultural community, humanitarian groups,





and the recipient countries. These programs have worked well, to the benefit of all.

Listed below are programs currently available through FSA and USDA:

Public Law 480 (P.L. 480)

Also known as the Food for Peace Program, P.L. 480 is comprised of three titles, each with different objectives and providing agricultural assistance to countries at different levels of economic development. Title I is administered by the USDA, and Titles II and III are administered by the Agency for International Development. PL 480 programs are used to combat hunger and malnutrition, promote broad-based equi-

table and sustainable development, and expand export markets for U.S. agricultural commodities.

Title I: Provides for government-to-government sales of agricultural commodities to developing countries under long-term credit arrangements. Repayments for agricultural commodities sold under this title may be made either in U.S. dollars, or in local currencies on credit terms up to 30 years.

Title II: Provides for the donation of U.S. agricultural commodities by the U.S. government to meet humanitarian food needs in foreign countries. Commodities may

be provided to meet emergency needs under government-to-government agreements, through public and private agencies.

Title III: Provides for government-to-government grants of agricultural commodities to support long-term economic development in the least developed countries. Once commodities are sold on the domestic market, the revenue generated is used to support programs of economic development.

Section 416(b) Program

This program provides for overseas donations of surplus commodities owned by the Commodity Credit Corporation (CCC) to developing and friendly countries. Surplus commodities acquired by the CCC as a result of price support operations may be made available under Section 416 (b) if these surplus commodities cannot be sold or disposed of without disruption of price support programs, or at competitive world prices.

Food for Progress (FFP) Program

This program authorizes the CCC to finance the sale and exportation of agricultural commodities on credit terms, or on a grant basis, to support developing countries and emerging democracies that have made commitments to introduce or expand free enterprise elements into their agricultural economies. Commodities may be provided under the authority of PL 480, Title I or Section 416 (b).

For additional information on any of these programs visit the USDA's website: www.fas.usda.gov

MISSION STATEMENT

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

2002 MEMBERSHIP REQUEST

IN 2001 IGPA DELIVERED:

- Another supplemental AMTA payment in 2001
- Passage of the U.S. House Farm Bill proposal
- Leadership during the 2001 legislative session that repealed the personal property tax on farm machinery
- Leadership in the legal fight to protect residue burning in Idaho

IN 2002:

- IGPA worked for passage of a The Farm Bill
- IGPA continues to work for tax relief

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