

Wheat Sheet

September 2002

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Durum Loan Rates Raising Many Questions

New loan rates have growers looking at planting durum in non-traditional areas.

When new loans rates were announced earlier this summer the biggest surprise was the durum loan rate, which in some California counties amounts to \$1.40/bu higher than Hard Red Winter wheat rate. This difference has spurred interest in the production of durum over Hard Red Winter wheat. Recent changes in the market price of wheat have lessened the incentive to make the switch, but nevertheless it remains an option.

As growers look at durum loan rates, they should consider possible discounts in the loan program specifically for durum. In addition to grade discounts that begin at US No. 3 (note: 3% of Hard Red Winter in durum wheat will result in a US No. 3 grade), there are falling number discounts and discounts for Hard Vitreous Amber color. Premium and discount information is available on the Farm Service website: http://www.fsa.usda.gov/dafp/psd/loan_premiums.htm

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Hard White Wheat Incentive Program

Farm Bill authorizes financial incentive to Hard White Wheat producers.

A Hard White Wheat Incentive Program in the Farm Security and Rural Investment Act of 2002 will provide \$20 million dollars for the 2003, 2004 and 2005 crop years. The program is designed to encourage more production of Hard White Wheat in the United States in order to make America's wheat producers a reliable supplier to the domestic and export markets.

The Hard White Wheat Advisory Committee, led by the Nebraska Wheat Commission with participation by the California Wheat Commission, has been working with USDA to develop regulations for expediting the program's availability. Growers are encouraged to contact their FSA offices to express the urgency of announcing the program so they can make sound planting decisions.

The Advisory Committee developed the following guidelines:

- All producers of HW wheat that meet the quality requirements will receive an incentive payment of 20 cents per bushel on up to 60 bushels per acre.
- Certified seed will not be required. However, to encourage its use, a \$2 per acre payment will be made to HW wheat growers who use certified seed. The producer only qualifies for this \$2 per acre payment during his first year of participation.
- A producer of HW wheat must certify his acres of HW wheat at the FSA office and declare the variety to the purchaser at time of delivery.

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Falling-Number Discount for Durum only

- 299 – 250FN .25 / bushel
- 249 – 200FN .50 / bushel
- 199 – 150FN .75 / bushel

Hard Vitreous Amber Color for Durum only

(Vitreousness is that characteristic that gives wheat kernels a hard, glossy appearance, and is usually related to protein content)

- 59 HVAC \$.03 / bushel discount
- 58 HVAC \$.06 / bushel discount
- 57 HVAC \$.09 / bushel discount
- 56 HVAC and below \$.09 / bushel discount

If a grower chooses to sell durum on the open market then the industry standards become an issue. The milling market demands high protein levels and minimal black tip fungus or mold. Black tip fungus is discounted directly by the miller, more than the grading standards reflect.

Growers are encouraged to contact local durum handlers to determine the advantages of growing for the open market or using the price support program. Local farm advisors are an important source of information on the appropriate farming practices of durum wheat. The University of California Extension service conducts field trials around the state with various varieties and classes of wheat. Information from these trials is available on the web at: <http://agric.ucdavis.edu/crops/cereals/cereal.htm> ♦

Dairy Sector Has Growing Effect on California Wheat Industry

California agriculture has made many changes over the past few years. One major area of growth has been the dairy industry. Today, California is the top producing state in milk production and host to the largest number of milk cows. In fact, eight of the 10 largest milk producing counties are located in California. Six of those counties lie in the San Joaquin Valley. In California the number of dairy cows increased 22% percent (351,000 cows) from 1995 to 2002. The increase in the dairy population has played an important role, particularly in the San Joaquin Valley, in the options a grower may consider in the planting and harvesting of wheat. A grower may cut his wheat before full maturity (a process called “green chop”) and be able to work up his land for another crop within the same year. The decision to “green chop” may also be an alternative to investing further inputs in the crop. These industry dynamics have not significantly changed the amount of wheat planted, but they have affected the quantity of wheat harvested for grain. The prices of alternative feedstuffs, as well as the price of grain, play a significant role in the price of green chop. With grain prices rising, green-chop acreage may decrease next year. This will be an interesting market to watch over the next six months.

California Dairy Cow Population

Mktg Year (July/Jun)	No. of Cows (1,000)	Change from Previous Year
2002	1,605,000	1.5%
2001	1,582,000	4.1%
2000	1,518,000	3.6%
1999	1,464,000	3.3%
1998	1,417,000	6.6%
1997	1,324,000	4.6%
1996	1,263,000	0.7%
1995	1,254,000	

California Planted vs. Harvested Acreage (1000)

Winter Wheat Acres Planted	Winter Wheat Acres Harvested	Wheat lost or cut before maturity
530	310	220
530	380	150
535	390	145
500	370	160
500	380	150
510	400	110
600	550	50
540	425	115

Industry Participation Needed

California Wheat Commission Board Members – The Commission seeks representatives to serve out partial terms as a board member in the following areas. (Full terms run for three years.)

- District 1 – Siskiyou, Tehama, Lassen, Modoc and Shasta Counties
- District 3 – Colusa and Lake Counties
- District 5 – Amador, El Dorado, Placer, Yuba, Nevada, Sutter, & Sierra Counties, and that portion of Sacramento County lying north of Road J-11 and east of the Sacramento River from Walnut Grove to Courtland

Interest parties should contact the Commission office in Woodland, CA, phone (530) 661-1292.

Farm Service Agency County Committee Elections - Now is the time to request nominations from local FSA County Offices. Last day to file a nomination form is Oct. 28. Dec. 2 is the last day to return voted ballots. Nominations of eligible farmers are encouraged!

Grain Inspection Advisory Committee, Grain Inspection, Packers and Stockyards Administration (GIPSA), USDA – GIPSA is seeking nominations for their Advisory Committee. The committee presently consists of 15 members, appointed by the U.S. Agriculture Secretary, who represent the interests of grain producers, processors, handlers, merchandisers, consumers, and exporters. It also includes scientists with expertise in research related to the policies of the grain inspection act. Anyone interested in serving on the Advisory Committee, or in nominating individuals to serve should contact: GIPSA, by fax (202) 205-9237, or e-mail Terri.L.Henry@usda.gov. Completed forms must be submitted to GIPSA by fax or at the following address: GIPSA, 1400 Independence, SW., Stop 3601, Washington, DC 20250-3601. Form AD-755 must be received not later than November 12, 2002. ▲

Farm Bill Rules Watch. USDA is now one month past a statutory deadline to release the first batch of Farm Bill rules. The agriculture industry has requested release of the rules, and in particular the California Wheat Commission has asked that the provisions of the Hard White Wheat Incentive Program be released; these requests have not been fulfilled.

Hard White Wheat, continued from page 1

- The HW wheat produced must be grade #2, or better, to qualify for the incentive payment.
- The Producer can collect his incentive payment any time during the marketing year by taking his elevator settlement sheet into his county FSA office and asking for his Hard White Wheat incentive payment. The settlement sheet must show that wheat sold is #2 grade or better.

At the time of this publication USDA had not officially announced the program. Both the California Wheat Commission and the California Association of Wheat Growers are encouraging its implementation. Check the Commission website for the official announcement:

www.californiawheat.org. ♦

California Exports

Year in Review, MY01/02 (July/June)

Hard Red Winter Wheat

Destinations: Bangladesh, Indonesia, Mongolia, North Korea

Total Exports	123,474 S. Tons
CA. Production	798,000 S. Tons
Exports share of production	15.47%

Desert Durum (California/Arizona)

Destinations: Dominican Republic, Italy, Netherlands, Nigeria, Spain, Switzerland, Venezuela

Total Exports	240,248 S. Tons
CA. Production	255,150 S. Tons
AZ Production	237,510 S. Tons
Exports share of CA & AZ production	48.8%

Note: As a result of a 2001 container sample project sponsored by US Wheat Associates, California Wheat Commission & Arizona Grains Research and Promotion Council and Arizona Grain Co., Venezuela has purchased three shipments of Desert Durum.

USDA Approves National Karnal Bunt Strategic Plan

USDA announces plan towards deregulation.

USDA Secretary Ann Veneman has finalized a national plan to overcome KB as a pest of quarantine concern. According to USDA, during the next 4 years removal of domestic regulations for Karnal bunt will depend on a number of key areas of cooperation and support. These areas include: continued commitment by USDA; willingness of the US and its foreign trading partners to modify their entry requirements; agreement among the states not to implement exterior quarantines; producer, handler, and export industry support; and willingness to accept loss of some export market share.

USDA will conduct a Karnal Bunt Workshop on October 29, 2002 in Oklahoma City. The purpose of the workshop is to communicate the status of the actions taken during fiscal year 2002; obtain stakeholder input about those actions and accomplishments; and propose changes or modifications to fiscal year 2003 action plan. The California Wheat Commission will participate in this meeting. ♦

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California's Interagency Noxious Weed Free Forage and Mulch Program

<http://pi.cdfa.ca.gov/weed/wff/finalcert.htm>

Three federal agencies holding land in the state, including the US Forest Service, Bureau of Land Management and National Park Service, are close to implementing a Noxious Weed Free Forage Program (NWFFM) on their lands in California. Other agencies, including Cal Trans, have shown an interest. The NWFFM Program focuses on preventing noxious weed dispersal through forage, feed and mulch vectors. The NWFFM Program will require users of public lands in California to use certified, noxious weed free forage, mulch, or straw.

Currently, federal agencies are funding the program's initiation and education. Once the NWFFM Program is implemented, County Agriculture Commissioners will charge inspection fees to recover costs.

Larry Hunn, a Clarksburg wheat grower, will represent the California Wheat Commission on the interagency steering committee. The NWFFM Program may be implemented in 2003. ♦

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