California Association of Wheat Growers

~~~~~~

Newsletter

April 22, 2011

~~~~~~

In This Issue

Truck and Bus Regulation Reporting Date Postponed Until April 29, 2011 for agricultural fleets and fleets with street sweepers with Tier 0

~~~~~~

The March 31, 2011 reporting date for agricultural fleets and fleets with street sweepers with Tier 0 auxiliary engines is being postponed until April 29, 2011 to give fleets more time to report.

The date that agricultural fleets have to report January 1, 2011 odometer readings for limited use agricultural trucks or information about specialty agricultural trucks to be eligible for the agricultural vehicle extensions has been extended to April 29, 2011. In addition, the date that fleets with street sweepers must report hour meter readings for the Tier 0 auxiliary engines has been extended to April 29, 2011. California Air Resources Board staff is preparing an advisory to reflect the change and will be updating related documents in the near future.

All other fleets do not have to begin reporting until next year.

Fleets that plan to use the phase-in option, want to take advantage of credits, or to use other provisions in the Truck and Bus regulation, would need to report by January 31, 2012.

Because the amendments considered by the Board in December 2010 will not become effective for at least several months, the delay in the deadline is being changed administratively pending approval by the Office of Administrative Law.

Additional information about the regulation is at:

http://www.arb.ca.gov/dieseltruck
~~~~~~

Background

On December 11, 2008, the Board approved for adoption the Truck and Bus regulation to control emissions from nearly all existing diesel powered heavy-duty trucks and buses operating in California. The regulation became effective under California law on January 8, 2010. The regulation applies to diesel fueled trucks and buses with a gross vehicle weight rating (GVWR) greater than 14,000 pounds that are privately owned, federally owned, and to publicly and privately owned school buses. Local and state government owned diesel fueled trucks and buses are already subject to other ARB regulations. Reducing emissions from in-use trucks and buses is necessary to meet federally imposed clean air standards and to reduce the adverse health effects from truck and bus pollution.

On December 17, 2010, the staff recommended amendments, which are presently pending adoption, that would delay the initial requirement to install particulate matter (PM) retrofit filters by one year to January 1, 2012 and extend the time before a vehicle equipped with a PM filter would have to have an engine that meets 2010 model year emission standards. The amendments would also defer engine replacements for vehicles without PM filters two years until January 1, 2015. Prior to 2020, replacements would be limited to 20 year old or older trucks that are not equipped with PM filters. By January 1, 2023, most vehicles would still need to be equipped with an engine meeting 2010 model year emission standards.

More Soft Red Winter Wheat Plantings

~~~~~~
The April USDA World Agricultural Supply and Demand Estimates (WASDE) report notes new influences in the global wheat market from a big jump in soft red winter (SRW) wheat plantings.

USDA lowered U.S. corn feed and residual use by 50 million bushels, partially due to increased prospects for 2011-2012 SRW production. In its most recent Prospective Plantings report, USDA indicated a 55% increase in SRW planted area compared to 2009-2010, a marketing year when SRW harvested area was down about 30% below its five-year average.

The April WASDE noted that the weighted average of early April crop conditions in the SRW states (mainly east of the Mississippi River) shows the highest percent of SRW in good-to-excellent condition since 2006-2007. SRW conditions are good in Arkansas and North Carolina, where wheat feeding is an alternative for poultry and hog producers.

With high demand and very low corn stocks predicted, the cash and futures price spread between corn and SRW has narrowed significantly, creating additional opportunities for wheat to replace higher priced corn in domestic feeding rations.

Source: U.S. Wheat Associates

Corn-based Ethanol Attacks Continue; Efforts to "Reform Supports" On-going

~~~~~~
With analysts predicting ethanol refiner demand for corn will be the primary influence on corn prices, livestock, poultry and food processing interests ramped up their attacks on federal support for corn-based ethanol production. In a Senate Environment & Public Works Committee hearing last week, Secretary of Agriculture Tom Vilsack continued his defense of the ethanol blenders credit and import tariffs, saying to end the programs would "create a cliff" that would lead to job losses, adding energy costs are driving food prices higher, not ethanol supports.

At the same time, acting Assistant Secretary of Energy for Energy Efficiency Henry Kelly told the committee the Obama Administration is working with the ethanol industry to "reform" the current blenders' tax credit scheme. "These incentives undoubtedly do need to be revisited. A lot has changed since the program was put in place; I think the (ethanol) producers themselves recognize that."

The Grocery Manufacturers Assn. (GMA) issued a "perfect storm" warning, saying factors that led to corn prices skyrocketing in 2008 are still in place today and contributing to rising food and ingredient prices. GMA said the combination of global demand, poor weather, rising energy costs, commodity speculation and trade restrictions conspire to shove food prices higher, but that in 2011, even more of the nation's corn crop is being diverted to fuel production than in 2008.

The National Chicken Council (NCC), testifying at a House Agriculture Committee livestock subcommittee hearing on the "state of the poultry industry," said the federal government must "slash the amount of ethanol required to be blended with gasoline as a way of cooling the red-hot demand for corn that has driven the (poultry) industry's cost to unprecedented highs." Former NCC Chairman Mike Welch, president of Harrison Poultry, Bethlehem, GA, said "mandating the use of ethanol, subsidizing its cost and protecting ethanol from competition is triple overkill," adding that with only 700 million bushels of corn expected to be on hand at the end of the year "this means there's virtually no margin for error" in this fall's corn corp.

Budget Battles Rage On; FY2011 Cuts are a "Concern," as Congress turns to FY2012

~~~~~~

Secretary of Agriculture Tom Vilsack this week said he's "wary" of FY2011 cuts for conservation and nutrition programs included in the FY2011 budget bill, adding a "pattern is developing" of using nutrition program dollars to pay for cuts elsewhere in the USDA budget. The department's Women, Infants & Children (WIC) program was cut about $500 million for the remainder of this year, part of an overall reduction in ag appropriations of $3 billion. Conservation program funding is taking a $400-million hit. During this week's tour of Iowa with EPA Administrator Lisa Jackson, Vilsack acknowledged to reporters that as the budget battles turn to FY2012 farm program subsidies are definitely "on the table," but warned Capitol Hill about cutting too much too quickly.

While the FY2012 House GOP budget proposal would take $30 billion out of farm programs over 10 years, Vilsack said the Obama Administration is looking at "some modifications and adjustments," particularly in direct payment programs. "It's fair to say there are questions being raised with high commodity prices whether or not the payment system we have in place is the right way to approach a safety net," Vilsack said.

He said"everything must be on the table and looked at closely." With the House having passed its FY2012 budget resolution, eyes are on the Senate where there are two efforts afoot. The first is the so-called "gang of six" Senators trying to forge a bipartisan spending plan, but are stymied over increasing some taxes as a means of achieving parity.

A separate effort is underway to curb spending through the setting of statutory caps as the GOP insists any increase in the federal debt limit, set to be voted on in May, must contain spending cuts. Sens. Claire McCaskill (D, MO) and Bob Corker (R, TN) said this week it's smarter to put legal limits on all discretionary and mandatory spending - including defense, Medicare and Social Security programs - than to simply cut programs. Under the McCaskill-Corker plan, caps would be put in place beginning in 2013, with gradual reductions in those caps over the next decade until federal spending is less than 21% of the gross domestic product (GDP).

If Congress failed to hit the reduction target, the Office of Management & Budget (OMB) would make the spending cuts, with a 2/3 vote of the House and Senate necessary to override the OMB action. Insiders say neither the gang of six efforts nor the McCaskill-Corker proposal will pass separately and would likely have to be married at some point to gain enough support for Senate approval.
~~~~~~

Panama Trade Deal Joins Colombia, Korea; Package Ready for Congressional Action

~~~~~~

Just as the Senate demanded, the U.S. Special Trade Representative's office this week announced the Panama free trade agreement (FTA) is now ready for congressional action, joining the Colombian and Korean FTAs.

With all three deals ready for Capitol Hill oversight and ratification, the White House has met demands from a bipartisan group of Senators that the FTAs move as a package, not individually if President Obama hopes to sign them this year.

While Panama is the smallest of the pacts and the Colombian FTA is relatively noncontroversial, the Korean deal continues to hinge in large part on the South Korean government's willingness to open its markets to U.S. beef.

With the ongoing foot-and-mouth outbreak in Korea, it's hoped the beef import impasse can be overcome. Technically, the Panama deal will get an up or down vote in an expedited process, with GOP Senators hoping all the votes can come before the July 1 recess.

However, the White House has signaled Congress it also wants votes to extend the Andean FTA, as well as a new agreement on U.S. - Russian trade.

WTO Talks Still Face Challenges

~~~~~~

Doha round negotiations are showing no sign of an immediate conclusion as the 10th year of talks continue. Earlier this month, three representatives of U.S. Wheat Associates (USW) and the National Association of Wheat Growers (NAWG), along with 11 members from the U.S. Grains Council (USGC) and the National Corn Growers Association (NCGA) conducted several meetings with key countries in Geneva, Switzerland, to assess the current climate and express support for a balanced outcome.

Negotiators are discouraged by the lack of progress in closing gaps, and it became clear last week that non-agricultural market access (NAMA) is a key hurdle for countries to overcome.

While NAMA is a focus in Geneva, it was apparent that gaps remain in the services and agricultural sectors as well. The U.S. has clearly stated a goal of increasing the level of ambition in market access in advanced developing countries in NAMA as well as achieving clarity in agricultural access, but these talks have not resulted in a balanced agreement that satisfies the major member countries.

Member countries are at the precarious position of either submitting to failure or putting their final cards on the table to conclude the round. A successful Doha round could add $300 billion in economic gains to the world economy, which would create global demand and trade opportunities for agricultural and other goods. There is no question that wheat growers and other agricultural producers will benefit from increased demand for their products. Such prosperity will not only be realized by U.S. farmers, but also by producers in every single member country.

Full Article Link: WTO Talks Source E-Wheat