



the BULLETIN

April 2007



Vol. 2 Issue 4

Growers Encouraged to Join United II

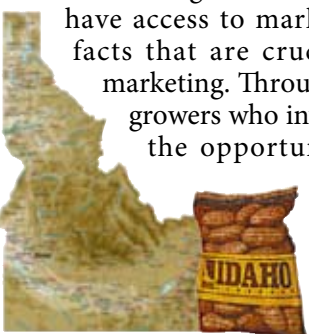
Sign up before April 27th

By now most growers are probably aware that the United Potato Growers of Idaho has formed a joint venture in the dehydrated potato industry that will create the nation's second largest dehydrator. United will join with Idaho Fresh-Pak Corporation also known as Idahoan and the R.D. Offutt Company to form this merger, together creating a broad network of potato processing plants with convenient access to markets and customers.

This new venture will not only lead to a more stable dehy industry but also serve as an important tool for growers to balance their fresh crop and fresh industry marketing pipelines, all with the objective of improving grower returns. As a result, potato growers and the entire industry will benefit.

Under the terms of the agreement, United has formed United II, a new grower cooperative that will be involved in the new company with Idahoan and Offutt. Idaho potato growers who are members of United or who join United, can opt to join United II. By investing in United II, potato growers will have ownership of the new company, will receive dividends, and have a guaranteed market for their dehy grade potatoes.

"Through United, growers have access to market data and facts that are crucial to their marketing. Through United II, growers who invest will have the opportunity to earn dividends while having a reliable market for their dehy



grade potatoes, said Jerry Wright, United CEO and President."

Members of United II will be the sole potato suppliers for the new company. "Potato growers will now be vertically integrated into the dehy industry," said Wright. "Through United II, we will create efficiencies from the development of seed to production to marketing. We anticipate greater long-term stability and no more boom or bust cycles."

If you have questions or would like to know how you can be part of this strategic opportunity, please contact your United of Idaho field man, or call the United office. Please remember that this opportunity is open to **all** growers. Completed membership applications and preferred share subscription forms must be returned to the United Potato Growers of Idaho office **no later than April 27, 2007, after which the \$150 per acre subscription fee will go up.** Growers opting to join after the April 27th date may still do so, but now is the optimal time to join. Membership applications can be accessed at www.unitedpotato.com.

For questions, please contact:
United office: (208) 535-8500

Districts 1,2,3	Audie Trudell 208-520-8981
Districts 4,5	Eric Duffin 208-221-4445
District 6	Jack Puyear 208-731-7054
Seed District	Shane Wright 208-241-4438

Inside the Bulletin

ID growers hit bases-loaded home run...	2
U.S.-Korea free trade agreement completed..	3
USDA provides funding for PCN eradication...	4

PGI & UNITED



Information for the Idaho Potato Grower

Quote of the Month

"Don't fear failure so much that you refuse to try new things. The saddest summary of a life contains three descriptions: could have, might have, and should have."

- Anonymous

The monthly newsletter is issued by the Potato Growers of Idaho and the United Potato Growers of Idaho.

PGI:
208.785.1110
www.thepgi.com

UNITED:
208.535.8500
www.unitedpotato.com

Idaho Growers Hit Bases-Loaded Home Run

- Guest Letter From Louis Wysocki

The following letter was written to Idaho growers from Louis Wysocki, a potato grower from Wisconsin. Louis was an original board member of the United Potato Growers of America, but has since retired. He was also an original partner in Wysocki Farms and in the Russet Potato Exchange. Louis has long been involved in Wisconsin Ag policy issues and with the National Potato Council.

Dear Grower:

Congratulations, to the United Potato Growers of Idaho, its officers and directors, Jerry Wright and staff, and **most importantly, the United Growers.**

You have scored a bases-loaded home run!

Score #1: You've gained the ability to divert fresh market over-supply of specific packs so you don't have to dispose of slow-moving packs by holding "fire sales" and destroying legitimate market pricing.

Score #2: By becoming the exclusive raw product supplier to the dehydration plants, you have more control over which field run lots would be better utilized in the dehy or fresh markets. You also can manage the practice of green contracts, which are, in part, guilty of creating an over-supply of washed process grade for the purpose of depressing raw process grade pricing, and which, **more importantly**, prevents you from

diverting fresh market potato over-supply into dehy to maintain and improve fresh market pricing.

Score #3: By becoming the exclusive raw product supplier to the dehydration industry, you have created **real value** to your membership. A **grower** who subscribes to ownership in this venture in an amount at least equal to his amount of dry eliminators and washed process grade plus any amount of field run (for insurance against deterioration in storage or frost or whatever) produced from his fresh market crop, **now is assured** of a market for off-grade potatoes. He also has an asset to his packing shed and more control of his destiny and profitability overall.

Score #4: By all of the foregoing, you have gained the ability to attract new grower and grower / shipper members of United. Hopefully, all growers can now share the vision of growers working cooperatively to enhance their overall profitability.

While this bases-loaded home run has significantly impacted the final game score, there are many more single runs now possible that you've gotten to the bullpen. For instance, washed process grade and dry eliminators are the lowest cost supply to the dehydration industry. There is only enough of this feed stock to meet approximately 60% of dehydration needs. So, the dehydrator that has the greatest percentage of this (WPG) in

his feedstock mix has an edge over his competitors in the finished product marketplace. The Offutt Companies, Idaho Fresh-Pak Corp., and you, the Growers, have displayed great vision in this new venture. The single runs will now come as other dehydrators will seek the same deal to remain competitive and growers from other areas will join in so Idaho doesn't have to hold up the fresh market all by themselves.

While profitability in this new venture is a must and is important, the ball growers need to keep their eye on is the profitability this effort provides to the **larger portion** of the grower's crop, which is sold as fresh.

It is important that all United of Idaho growers subscribe to their respective shares and **ONLY GROWERS** be afforded stock, otherwise the accomplishments will not be as great and this effort will fall far short of its potential. Any unsold stock/commitment should be held as company stock to be applied as appropriate to achieve the greatest benefit to the main objective of fresh market profitability.

You may ask why a grower from another area (carpet-bagger) feels so strongly about this. Simple—if you're profitable, we'll all be profitable. United we stand!

- Louis Wysocki

Idaho Potato Stocks Still Down, Stronger Prices Expected

According to the USDA's potato stocks report this month, potato stocks held by growers, dealers, and processors in Idaho on April 1, 2007, totaled 41.0 million cwt, which is 2.5 million cwt less than on hand during the same time period last year. This represents the lowest April 1 potato stocks level in Idaho since 1990. Disappearance, at 80.8 million cwt is up from last year's 74.8 million cwt.

Nationally, the 13 major potato states held 114 million cwt of potatoes in storage April 1, 2007, down 2 percent from last year and 12 percent below April 1, 2005, for comparable states. Potato

disappearance, at 269 million cwt, is up 4 percent from last year.

Processors in Idaho and Malheur County, Oregon used 7.65 million cwt of 2006 crop raw potatoes during March, up 2 percent from March 2006. For the 2006 crop, processors have used 55.4 million cwt of 2006 crop raw potatoes to April 1, up 9 percent from last year. Idaho potatoes accounted for 49.6 million cwt of the total processed.

Processors in the 9 major States have used 144 million cwt of potatoes this season, up 9 percent from a year ago. Dehydrating usage accounts for 30.2

million cwt of the total processing, up 13 percent from last year.

According to Bruce Huffaker in the April 18, 2007, issue of the *North American Potato Market News*, the USDA's April potato stocks report "favors continued strength in potato markets for the remainder of the season." He also indicated that "competition between processors and table potato interests for remaining potato supplies should support strong prices, particularly in the western growing areas."

Water Summit Establishes 'Path Forward'

An estimated 300 people attending the Idaho Water Summit in Burley on Tuesday, April 17, 2007, were reassured by Governor C.L. "Butch" Otter that their united efforts would result in a healthier economic future for all of Idaho.

The summit aimed to bring together a broad cross-section of stakeholder groups to resolve some immediate conflicts and begin finding solutions to decades-long disputes over allocation and management of Idaho's ground water and surface water resources.

Governor Otter said the principles that will be developed as a result of the recent summit would be a blueprint for water management statewide. He outlined a personal "action plan" offering a "path forward" toward greater certainty for Idaho's future. It includes:

1. Making management decisions regarding both surface and ground water using the state's existing model of the Eastern Snake Plain Aquifer as the guide. However, he said the model would be subject to ongoing assessment and refinement.

2. Working with Idaho's congressional delegation to expand opportunities for farmers to participate in federal programs for setting aside acreage.

3. Working with the state Department of Environmental Quality to speed up the permitting process for recharge, without compromising it. The DEQ must issue recharge permits certifying the quality of water that users propose to restore to the aquifer, but Otter said Water Summit participants made the point that the process takes too long.

4. A broad understanding that "A healthy aquifer should be the sum and substance of all our efforts."

Governor Otter said he expected summit participants to continue focused discussions toward resolving immediate water issues.

Some of the participants expressed concern that the parties involved simply restated their positions with respect to the

water right disputes, with little or no negotiation actually taking place.

David Tuthill was also named the Idaho Department of Water Resources director during the summit, lifting the "interim" status from his title.

Historic U.S.-Korea Free Trade Agreement Completed

The United States and the Republic of Korea successfully concluded a free trade agreement (KORUS FTA) on April 1, 2007, that will create new economic opportunities for agriculture.

Historically, Korea has been one of the most protected agricultural markets in the world. The KORUS FTA will create highly valuable new export opportunities for American farmers and ranchers by eliminating and phasing out tariffs and quotas on a broad range of products. Under the agreement, over \$1 billion worth of U.S. farm exports to Korea will become duty-free immediately. Most remaining tariffs and quotas will be phased out over the first ten years the agreement is in force.

Although a strong and growing market, U.S. potato exports to Korea have traditionally been hindered by high tariffs and quotas. Korea is the fifth largest export market for U.S. frozen fries with \$23 million in annual sales. Korea is also a significant market for U.S. dehydrated potato exports with over \$1.6 million in sales in 2006. Additionally, in recent years, U.S. potato farmers have shipped large amounts of fresh potatoes to Korea both for consumption and processing into potato chips.

Specific details of potato market access in the U.S.-Korea Free Trade Agreement have not been released.

The KORUS-FTA represents the United States' most commercially significant free trade agreement in over a decade.

Best Management Manual Available, New Edition Includes Nematode Section



The first 50 growers who complete the new "2007 Best Management Practices" manual for potatoes will qualify for a *\$100 scholarship to this year's All Grower Annual Meeting* in November, which will cover most of the registration cost for the meeting. The manual and scholarship are being made possible through PGI's partnership with the Risk Management Agency (RMA).

As a result of this partnership with RMA, PGI has made significant improvements to the manual, which now includes a section to help growers implement risk management practices pertaining to

nematodes. Recommendations regarding potato tuberworm were also introduced in this year's edition.

"This manual provides growers with a simple way to assess how they can improve their agricultural practices on their individual farms. By completing this manual, growers will learn what practices they should consider implementing on their farm if they are not already doing so," said Keith Esplin, PGI's executive director.

The new nematode section was added to provide growers with necessary recommendations to help them protect

their farms, especially in light of last year's detection of the potato cyst nematode in Idaho.

The "2007 Best Management Practices" manual for potatoes is now available to all growers. PGI will make these manuals available at grower meetings, and can also mail them to growers upon their request. For a copy of this manual, please call PGI at (208) 785-1110.

The first 50 growers who turn in their manual to the PGI office will be awarded the scholarship. Manuals can be mailed back to PGI at P.O. Box 949, Blackfoot, ID 83221.

USDA to Provide Additional Funding to Eradicate PCN

Agriculture Secretary Mike Johanns recently announced the availability of nearly \$11 million in additional Commodity Credit Corporation (CCC) funds to implement an eradication strategy for potato cyst nematode (PCN) in Idaho.

“These additional funds will enhance our efforts to eradicate this serious pest and protect Idaho’s potato industry,” Johanns said. “Because the infestation is confined to an isolated area, we have a unique opportunity to eliminate this pest before it has a chance to become established.”

USDA’s Animal and Plant Health Inspection Service (APHIS), in coordination with the Idaho State Department of Agriculture (ISDA), confirmed the first U.S. detection of PCN in a soil sample collected from a potato processing facility in Idaho last April. Following the August 2006 transfer of

\$12.9 million in CCC funds, state and federal agricultural officials began an extensive survey of Idaho production and seed potato fields, packing facilities and storage sheds.

The survey, which included testing more than 34,000 soil samples from 800 fields and facilities, determined that PCN is confined to seven fields within a one-mile radius. Based on this information, APHIS established a technical working group comprised of university scientists and international PCN experts, and together they devised an eradication strategy for the isolated infestation.

APHIS and ISDA will work together to eradicate PCN, with both state and federal employees involved in implementing survey, testing and management activities. The PCN eradication program in Idaho is projected to last five years.

APHIS and ISDA will use this latest infusion of funding for intensive surveys,

soil fumigation and strict enforcement of quarantine regulations to prevent PCN from spreading.

The Idaho Congressional Delegation thanked Secretary Johanns for granting their request for this assistance. In a joint statement, they said, “This is major news for Idaho’s potato industry and the producers whose farm operations were directly affected. We commend the excellent work of Secretary Johanns and the Bush Administration in recognizing the urgency and severity of this problem and acting quickly to resolve it. This will help preserve Idaho’s potato industry.”

PGI also thanks Idaho’s Congressional Delegation for working closely with Secretary Johanns and his staff in coming up with the necessary funding to provide this unique opportunity and solution toward eradicating PCN from Idaho.

*To learn more about PGI or United, contact Keith Esplin, (208) 785-1110; pgike@cableone.net
For information regarding this newsletter, please contact Daiko Abe: (208) 785-1110; pgida@cableone.net*

P.O. Box 949
Blackfoot, ID 83221



