

Taiwan wheat deal good news for Oregon growers

by Bend_Weekly_News_Sources

Purchase of U.S. wheat includes soft white from Oregon

The significance of an upcoming purchase of U.S. wheat by Taiwan is greater than the numbers may indicate. Still, Oregon stands to benefit from a letter of intent to be signed this week by a Taiwanese trade delegation to purchase 62 million bushels of wheat from the United States over the next two years, some of it the soft white class grown by Oregon wheat ranchers. "Taiwan has been a good and steady customer for many Oregon agricultural products, and we are pleased to see its continued interest in wheat," says Katy Coba, director of the Oregon Department of Agriculture. "Our wheat growers have had some tough times in recent years, but it appears their fortunes are turning around. This purchase agreement reflects the improved outlook." On Friday, June 15, representatives of the Taiwan Flour Millers Association will meet with Governor Kulongoski at the State Capitol for the signing of a ceremonial letter of intent that reflects the agreement between Taiwan and U.S. Wheat Associates to purchase \$425 million of wheat in 2008 and 2009. It is estimated that about \$17.4 million of the purchase will be for Oregon wheat. Oregon is the last stop in a tour of wheat producing states that stand to gain from the purchase that includes Idaho, Montana, and South Dakota. The Oregon signing ceremony will include the chairman of the Taiwan Flour Millers Association, ODA Director Coba, Oregon Wheat Commission Chair Earl Pryor, and others. As a Gilliam County wheat rancher himself, Pryor is happy with the developments. "Taiwan is a consistent and reliable cash customer that purchases 90 percent of its wheat requirements from the United States, including 4.4 million bushels of soft white wheat annually," says Pryor. "We are honored to receive the Taiwan delegation because of our long term relationship, built upon trust and mutual respect, and their continuing open dialogue that allows our wheat breeding team to maximize desirable traits in Taiwanese wheat purchases." As a customer of high quality wheat, Taiwan millers have been willing to pay for that quality and specify exactly what they want. Wheat breeding programs have developed those specific traits for the soft white wheat that Oregon grows, as well as other wheat classes. Soft white wheat is used in Taiwan to make flour for steamed buns and as an ingredient in various noodles. Oregon wheat producers average 50 million bushels of production each year. Although Oregon produces some hard red varieties, the majority of production is soft white wheat and is grown in seven counties of north central and northeast Oregon, including Umatilla, Morrow, Sherman, Wasco, Malheur, Gilliam, and Union counties. In 2006, wheat ranked sixth of all Oregon commodities with a production value of more than \$192 million. That production value reached a high of \$313 million in 1980 but dropped in recent years to as low as \$97 million in 1999 when prices fell below three dollars a bushel. Prices and yields have fluctuated since but wheat remains a major economic driver in Oregon. The export market is critical to Oregon wheat growers. Last year, Oregon exported about 92 percent of the wheat crop. Japan, South Korea, the Philippines, and Egypt are major customers of Oregon wheat, purchasing about 500,000 metric tons each. At about 150,000 metric tons of Oregon wheat purchased annually, Taiwan is not at the same level but is considered an important export market. "This letter of intent announces a fairly significant purchase for us," says Tana Simpson, administrator of the Oregon Wheat Commission. "Some of our export markets are large swing customers. So having a consistent cash customer purchasing more than four million bushels a year of soft white wheat is important to us." The origin of exporting Oregon agricultural commodities can be traced to the wheat industry. That was also the beginning of Oregon's commodity commission system. In 1947, the Oregon Wheat Growers League realized it needed to find a new market for soft white wheat and created the Oregon Wheat Commission. With its eyes set on Japan, the commission opened a trade office in Tokyo shortly after World War II. Opening the Asian market to the kind of wheat grown in Oregon, Washington, and Idaho was a start. But the commission understood that research held the key to staying one step ahead of the customer. Researchers and wheat breeders began to enhance the quality of Pacific Northwest wheat to meet the needs of overseas buyers. The research has put Oregon State University on the world map when it comes to wheat breeding. OSU developed a variety of wheat- Stephens- that has become the largest variety grown in the Northwest in terms of acreage planted. Commission dollars have also combined with congressional funding to create the Wheat Marketing

Center at Albers Mill in Portland, which contains a lab to test wheat products for the Asian palate. The history of Oregon wheat exports provides a backdrop to this week's signing of the letter of intent. It's the latest bit of good news for an industry that is overdue. Better wheat prices have combined with a general shortage of worldwide production to create a more favorable market for Pacific Northwest growers. Oregon is an important enough contributor to the overall U.S. wheat purchase by Taiwan to merit a spot on the delegation's travel itinerary. Members of the Taiwan Flour Millers Association want to see Oregon, meet its governor, and pay respects to the wheat growers who will be a part of the transaction. "It's very significant that the delegation is stopping in Oregon," says Gary Roth, administrator of ODA's Agricultural Development and Marketing Division, which has helped make arrangements for the Salem signing ceremony. "I think it pays tribute to the work done by our wheat industry, which has been very active and on the forefront in creating and maintaining export markets." Although the purchase agreement is for two years, there is every expectation that Taiwan will continue coming back for more.

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