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## *Remembering Kay Zeosky, National Dairy Chairman*

*The following are excerpts taken from a letter written to Joe Zeosky, husband of Kay, in memorium of Kay's life and her dedication to WIFE and the dairy industry she so proudly represented:*

Kay was a woman who had a deep appreciation of the plight of her fellow dairy farmers and was willing to work with anyone to improve the situation.

My favorite story about Kay was when we were all testifying before an inter-agency panel during the Goya Cheese War. The whole industry was present including National Milk, The Wisconsin Cheese Makers, a Vice-President of a major domestic Parmesan manufacturer, a young couple from Wisconsin who traded Italian-type cheese, and me. Kay was testifying on behalf of WIFE.

After the hearing, a young woman appeared and came up to Kay. She had been sent by the Chairman of the House Agricultural Committee who had heard that Kay was in town. He wanted to make sure she was taken care of during her stay in D.C. and wanted her to be aware that should she need something, he was available to help. Nobody else on that panel received a visit from Congressional staff. It showed the high esteem that Kay and WIFE were held on Capitol Hill. It was a lesson I never forgot.

WIFE and Kay were instrumental in defeating the Hungarian petition. I suspect that there are a few dairy farmers who appreciate what Kay and WIFE did by going up against the top level of the State Department. It is not too much to say that they saved the American-Italian cheese industry.

In the beginning, few organizations had the courage to go up against the State Department. But courage was never a problem with Kay or WIFE.

She will be sorely missed.

Sincerely,  
Thomas W. May



# President's Report



By Ruth Larabee  
New York

## Cheesemakers caught in crosshairs of marketing ruling

With a packed schedule and a plane ticket in hand, I headed to Washington D.C. to visit legislators and U.S. Department of Agriculture (USDA) Under Secretary Michael Scuse in mid-May.

Geographical indicators and Section 6.25 were strongly coming to the forefront with former threats from the European Union (EU); the Transatlantic Trade and Investment Partnership (TTIP) meetings and negotiations had started and WIFE wanted to make sure our voice/policy was heard and hopefully considered.

Here is some background on geographical indicators and Section 6.25:

Geographical indicators--the threatened projected European control, if victorious, creates a grave challenge to our United States cheese makers. Well-known cheeses produced in the U.S., including Parmesan, Feta, Mozzarella, Gouda, Brie and others, could no longer be labeled with these names if the EU succeeds. It would then be mandatory for the U.S. cheese makers to use other unfamiliar names, which could create a mega dollar loss as there would be more costs for new labels, in addition to consumer advertising and marketing,

Section 6.25--this ruling has been suspended twice because of adverse market conditions. It is not a guard against unfair trade practices nor does it protect the domestic cheese industry or the American business interests. It can result in an increase of import market share being controlled by foreign suppliers, some of which operate as subsidiaries of foreign export monopolies.

These few can manipulate prices,

supplies, terms of delivery, allocation of customers, and are free to engage in transfer pricing schemes. Section 6.25 does not favor American companies nor is it World Trade Organization (WTO) compatible.

There are three types of licenses: 1) historical licensees that received their licenses based on actual importation of product prior to quotas being introduced on June 30, 1953; 2) non-historical licensees who receive licenses from a lottery; and 3) preferred licensees that are appointed by foreign countries to export to the U.S. In 1979, preferred licenses accounted for fifty percent of the new quotas.

The meeting that took place on May 16 with USDA Under Secretary Michael Scuse went extremely well, as usual. He was already on top of both aforementioned situations and discussed reasons for the current agreement on an extended seven-year suspension of the Section 6.25 regulation through 2023.

There would also be no "claw back," meaning retraction or renunciation. While elimination of 6.25 is recommended, the Under Secretary has our utmost respect for what he has been able to negotiate.

The visits to the representatives also went very well with much discussion and many questions.

Why is this information important to agriculture? Many of you must remember Tom and Helen May, of Trugman-Nash, LLC. They were members and strong supporters of WIFE and our policies. Tom would give us background information on other topics and I have to say he was always right on target.

Trugman-Nash had a historical license (which is explained above) and they did not bring in product that would undercut our American cheese makers. Tom always told us, "if the American farmers didn't make money neither did

he [sic]!"

This is why the topic of 6.25 is so important; our producers make the high quality product that goes into our American cheeses, thereby improving profitability. We do not need importers with the other licenses to flood our markets with unneeded product.

Ken Myers has since bought the company of Trugman-Nash and has kept the policy of the importance of American farmers and businesses. He also keeps up the tradition of supporting WIFE and their policy.

There has been some updated information from the Crop Insurance Coalition:

Senator Jeff Flake (R-AZ) filed 30 amendments to the agriculture appropriations, with the four amendments below being connected to crop insurance.

- Amendment #3324—limit the use of funds for crop insurance to producers whose names are made publicly available.
- Amendment #3325--prohibit advance payments for new crop insurance products.
- Amendment #3328—limit the amount of premium subsidy provided in excess of \$750, with a delayed application until completion of a study.
- Amendment #3329—prohibits funding for the harvest price option program-crop insurance.

Don't forget to contact your representative on County of Origin Labeling! Urge your lawmakers to oppose any language within the appropriations bill which would repeal or weaken the COOL program or the industry efforts to address market transparency and competition. If you do not have your representatives number available, call the switchboard at (202) 224-3121. They will forward you to the name of the representative(s) you give them (CIC & USCA).

# Sheep and Goats Report



By Tammy Basel  
South Dakota

## Sheep experiment station set to close within the year

to do the research.

Animal activist groups filed another lawsuit against the station in June, which cites a lack of environmental studies on how grazing affects grizzly bears and lynx. The sheep station grazes sheep on the high mountain pastures from July through September. The lawsuit asked the judge to stop the station from putting sheep out to graze until the environmental study is completed. Studies often take years to complete.

The mission of the U.S. Sheep Experiment Station is to increase production efficiency of sheep, which includes improving animal well-being, weight of lamb produced during a ewe's lifetime, lamb growth performance, and carcass merit of lambs. Genetic merit of ma-

ternal and paternal lines, reproductive rate, nutrition, health, and management system are some of the factors affecting production efficiency. USSES was established in 1915 by President Woodrow Wilson and has been grazing sheep on this land for nearly 100 years.

American Sheep Industry Association President Clint Krebs, "USSES has very unique datasets and capabilities that cannot be substituted elsewhere anytime soon including 90 years of pedigree data on major sheep breeds, three of which were developed at USSES; an ongoing 90-year history on vegetation in response to fire and grazing; and over 40 years of historical and ongoing data on the sage grouse with regards to fire in recovering sagebrush."

U.S. Department of Agriculture Secretary Tom Vilsack recently announced to Congress that he would close the Agricultural Research Service's (ARS) U.S. Sheep Experimental Station (USSES) in Dubois, Idaho, within the year. Congress will have to react to the proposed closing for it to remain open.

The reasons given by USDA Secretary Vilsack for the closing are twofold: that it has become a liability and because of budget cuts. The sheep unit no longer has the scientists necessary

# Transportation Report

## Railroad gives oil cars priority over grain cars

The Surface Transportation Board (STB) held a hearing on rail access on April 10, 2014. Montana, North Dakota, South Dakota and Minnesota are experiencing long delays in rail car deliveries. Rail car shortages mean expensive penalties to grain elevators. This expense is passed on to already hard-pressed farmers, who are once again told to "tighten their belts" but in truth, without timely deliveries of fertilizer, the fall crop production could be jeopardized.

2013 grain is on the ground or in the bin in a number of Great Plains states while oil movement from the

Bakken oilfields sucks up grain rail car space and track time.

Some recent rail car statistics show that North Dakota had 7,541 grain cars show up late, which is a 46 percent increase from last month. South Dakota had 1,372 cars late at a 14 percent increase, Montana showed 3,468 late cars and a 42 percent increase and Minnesota had 1,599 late cars, at a 19 percent increase from last month.

To date, there has been no mention of oil tankers needing more cars or ever having to pay late fees as grain cars have.

Both oil and grain are needed for



By Pat Torgerson  
Montana

life but which is more important? Oil can be shipped and developed 24 hours, seven days a week, 365 days a year, where grain crops are seasonal and at Mother Earth's mercy. Agriculture needs timed deliveries such as fertilizer rail cars in the spring and fall. Agriculture needs to send grains to food processors when they are needed so Americans can enjoy eating 24 hours a day, seven days a week. As far as I know, you don't eat oil.



By Klodette Stroh  
Wyoming

# Sugar Report

## U.S. sugar producers set to lose nearly \$1 billion

Farming was America's first industry. Today, this industry provides us with food, clothing and fuel for our energy and employees. Agriculture has always been the cornerstone of our nation's way of life. Free trade agreements between the United States and foreign countries don't operate equally. American farmers compete against foreign treasuries, not farmers.

U.S. commodity prices have been bearish in 2014, mainly because of the supply and demand factor. Crude oil prices have driven the cost of fertilizer, fuel, chemical, parts, and tires up and have remained at the same level since 2009. Sugar prices have been cut in half since late 2011 and are now trading at the same lows as in the 1980's. U.S. sugar producers will lose nearly \$1 billion in net income

for the 2013/2014 crop year, according to the American Sugar Alliances report.

Free trade agreements between the United States and foreign countries such as the North America Free Trade Agreement (NAFTA) and the Central American Free Trade Agreement (CAFTA) have been a threat to our nation's security. NAFTA has caused a lot of problems with the cattle and sugar industries already. Foreign free trade agreements will eventually eat America's Heartland.

The Mexican sugar industry is not the same as the United States industry. Twenty percent of Mexican sugar is owned and operated by the Mexican government. They have increased their exports to the United States in recent years, raising it from 9 percent of the U.S. market in 2011/2012 to nearly 18 percent in 2012/2013. Over that same period, Mexico's historic surpluses have sent U.S. sugar prices to unsustainable low levels.

The Mexican sugar industry exported, dumped and subsidized sugar to the United States, and as a result, it caused tremendous harm to a domestic industry that supports

142,000 jobs. This is an injury under the NAFTA agreement.

NAFTA explicitly permits the filing of anti-dumping charges. There have been 114 anti-dumping cases filed, 31 cases have been by Mexico against the United States and alternately, the United States has filed 30 cases against Mexico, not counting the pending sugar petitions.

The sugar producers' petitions were officially filed by the American Sugar Coalition, which includes: American Sugar Beet Growers Association; American Sugar Cane League; American Sugar Refining, Inc.; Florida Sugar Cane League; Hawaiian Commercial & Sugar Company; Rio Grande Valley Sugar Growers, Inc.; Sugar Cane Growers Cooperative of Florida; and United States Sugar Beet Association.

Our agriculture is worth fighting for. Our American farmers can compete in a fair arena against any farmer in the world, and produce safe and quality crops. U.S. farmers cannot, however, compete against the foreign governments that subsidize their production.

### *Look what we're doing!*

**Fourth Grade Farm Fair:** This unique event recently took place at the Ravalli County Fairgrounds in Hamilton, MT where fourth graders enrolled in public and private schools throughout the county were invited to attend the yearly occasion.

The Farm Fair serves close to 750 people and was started by Jay and Colleen Meyer as a way to provide students who are four and five generations removed from production agriculture a hands-on approach to learning the importance of our food and fiber industry first-hand.

After the buses arrive, students rotate between 16 stations, where each one represents a different facet of agriculture. The stations feature everything from dairy cow handling to weed education, making flour from wheat to the importance of branding cattle. Stations like butter churning give students a look at a life past while stations teaching farm safety and water in agriculture address modern-day issues affecting today's farmers and ranchers.

**Ag In The Classroom:** Food, clothing, seeds, byproducts and colorful models captured students' attention during the annual Ag in the Classroom presentation in North Dakota's Hettinger County schools on April 14. Marlene Kouba represented WIFE while Extension Agent Duaine Marxen explained the necessity of farmers.

Kouba displayed five kinds of corn and some of their byproducts that were made from the four basic ingredients--corn starch, corn oil, corn sugar and corn meal. Marxen explained what a farmer does, the importance of farming, the backgrounds of various grains, and gave fun facts about life-size models of a calf, hog, sheep and chicken. The children also had a chance to feel some of the seeds and products.

This year's program educated about 250 teachers and students, kindergarten through sixth grade, enrolled in the two schools in the county. Each teacher was presented with bags of information and items to further student's interest and education in agriculture. This was Kouba's 21st year of doing the presentations; during those years about 60 commodities and topics regarding agriculture have been covered.



By Jean Wach  
Nebraska

# Cereal Grains Report

## Availability of biotech wheat in U.S. gains support

Sixteen organizations in Australia, Canada, and the United States, who represent producers and millers across the world, publicly confirmed support for innovation in wheat. This includes the future commercialization of biotechnology.

The statement, which lays out shared commitments for the responsible advancement of biotech traits and other breeding advancements in wheat, comes five years after an original document was signed.

The signatories call for further innovation in research as wheat represents about 20 percent of human calorie intake, making it an essential part of the global diet and critical to food security.

As demand increases, they say, wheat supplies must remain abundant while meeting the highest quality and nutrition standards. Advanced breeding and biotechnology will help protect the continued availability of wheat foods and ultimately offers the promise of improved products, more sustainable production and environmental benefits, according to the statement.

The groups also encourage the governments of wheat producing and importing countries to maintain sound, science-based regulatory systems as well as to adopt reasonable low-level presence policies to minimize trade disruptions.

For the same reason, the groups stated they would work toward the goal of synchronized commercialization of biotech traits in wheat in the three countries.

Similarly, they reiterate that customer choice is paramount. They stand ready to assist all industry segments to assure supplies of non-biotech wheat within reasonable commercial tolerances to markets that require it.

There is speculation that rains in parts of the U.S., the world's largest exporter, will

slow harvesting and hurt crop quality. Wet weather delayed winter wheat harvesting in Oklahoma, the country's third-biggest producer of the variety last year.

Rain this late in the growing cycle can have a very bad effect on the quality and the weight of the wheat produced. Rain on ripe wheat can swell kernels reducing the amount of flour that can be milled from a volume of grain. Sprouting prompted by humidity can reduce baking quality.

Since the volume, quality, and price is still unknown, we will be checking on some bills and promotions that are going on in Washington.

U.S. Botanic Gardens hosted a Festival June 14 as part of the Waves of Grain Family Festival. It showcased the wonderful world of wheat through numerous opportunities to learn about the six classes of wheat, by participating in hands on learning activities, wheat weaving, baking demonstrations and other activities.

The exhibit also honored the addition of Dr. Norman Borlaug to the National Statuary Hall Collection in the United States Capitol on March 25, the 100th anniversary of his birth.

Dr. Borlaug is credited for saving more than 1 billion people from starvation through his development of high-yielding, semi-dwarf wheat.

The Water Resources Reform and Development Act (WRRDA) of 2014 was signed into law June 12. This bipartisan bill signals how vital our inland waterways system is to both America's wheat farmers and to our nation's economy as a whole. The bill also provides much needed regulatory relief for farmers by increasing the storage capacity for exemptions and self-certification for on-farm and aboveground storage tanks.

WRRDA seeks to increase funding for waterway development projects such as deepening waterways and repairing/upgrading locks and dams.

This is especially important to America's wheat farmers who rely on many inland waterways, such as the Columbia River system in the Pacific Northwest, to ship their

wheat to port before being exported abroad.

Wheat Growers are requesting support from members of Congress for H.R. 935, the Reducing Regulatory Burdens Act. H.R. 935 would eliminate the requirement for a Clean Water Act National Pollution Discharge Elimination System (NPDES) permit when applying pesticides.

Additional environmental protections do not result from the NPDES permit, only additional paperwork, possible citizen lawsuits and fines of up to \$37,500 per day.

All growers are urged to contact their representatives in support of H.R. 935 to eliminate this unnecessary permit (NAWG, AgWeb Daily).

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**By Marlene Kouba  
North Dakota**

# Homeland Security Report

## Rapid influx of immigrants overwhelms U.S. resources

Heinz is shutting down factories and laying off American workers and Hewlett Packard has just increased its projected lay-off from 34,000 to 60,000. Among maids and agricultural workers, only four out of 10 people are immigrants. The immigration bill Obama wants to pass would more than double legal immigration within the first decade and legalize 12 million aliens who are currently not work-authorized. They would get work permits immediately. Congress will recess at the end of July until after Labor Day.

The Department of Homeland Security (DHS) is dropping off busloads of immigrants at various towns leaving them to find their own way to cities across the country to report to immigration offices there. Officials now believe that 47,000 have come already this year and expect more than 90,000 in 2014, an increase of nearly 20,000 than what was expected.

This has put a strain on local immigration advocates and has customs and bus line officials working on a plan to accommodate the travelers. The door is also wide open for young Mexican gang members to enter the United States to be reunited with their families, frustrating border patrol personnel who are powerless to stop them. The immigrants also bringing diseases that the U.S. had controlled or virtually eradicated: tuberculosis (TB), Chagas or kissing bug disease, dengue fever, hepatitis, malaria, measles, and more.

Vaccine-preventable diseases like chicken pox, measles and whooping cough spread like wildfire among unvaccinated children. Other illnesses, along with scabies and head lice, also thrive as children are transported by bus and herded into crowded shelters, courtesy of the federal government. Treatment costs are borne by taxpayers.

To process the surge of crossers from Texas, the Border Patrol is turning to all

available resources at its disposal. When agents ask the immigrants why they are coming, they often mention they heard about amnesty. It seems that the foreign media and various groups are announcing “take your children to America now as it is the best time to go and you won’t be turned back”.

U.S. Immigration and Customs Enforcement (ICE) provides food, phone calls and often puts up families overnight when they are unable to get bus tickets. Volunteers are trying to find places for them across the country. The sector still leads the country in the amount of marijuana seized. Last fiscal year, agents seized more than 1 million pounds, compared to about 800,000 pounds in the Rio Grande Valley sector. The Arizona border is still very much penetrable with fenceless areas.

Beginning in early June, President Obama began renewing a two-year amnesty for at least 550,000 younger illegal immigrants and is rolling back education requirements and anti-fraud measures which violates the law while inviting fraud and abuse. By loosening the education standards, more unlawful immigrants who do not meet even basic educational requirements will be able to apply for the amnesty program.

Homeland Security Secretary Jeh Johnson insists that children, regardless of age, who are illegally entering the U.S. are priorities for removal as they do not qualify under the administration’s “dreamers” program.

Homeland Security plans to use television, radio, and newspaper advertising in Latin America to dissuade parents from sending their children to the U.S. in the hands of smugglers. Most of the children are from Mexico and can be immediately deported. Minors from other Latin American countries cannot be turned away and must be sent to a shelter pending efforts to reunite them with a relative.

President Obama has directed Johnson to delay a deportation enforcement review until after summer that officials feared would doom any lingering hopes for an im-

migration overhaul in Congress this year. Johnson has spent months searching for ways that the president could legally keep some of the 11 million immigrants from deportation.

The Senate has already passed a bipartisan bill, but House Republicans say it does not do enough to secure the border and goes too far in providing a path to citizenship for people who broke the law to get here.

Border Patrol agents stand in broad daylight on the banks of the Rio Grande, while smugglers pull up in vans or boats on the Mexican side to unload illegal migrants.

The Border Patrol made more than 90,700 apprehensions in the Rio Grande Valley in the past six months, a 69 percent increase over last year. Driven out by deepening poverty but also by rampant gang violence, increasing numbers of migrants caught here seek asylum, setting off lengthy legal procedures to determine whether they qualify. The new migrant flow, largely from El Salvador, Guatemala and Honduras, is straining resources.

Arizona’s top two sheriffs are fighting an uphill battle. The federal government released 2,256 criminals with 622 who had criminal records who had been on their way to deportation but were instead placed on a supervised release as low-security threats. These are the same people that even President Obama said needed to be deported.

In February of 2013, the DHS, which manages ICE, released them from jails in Arizona, California, Georgia, and Texas just days before federal budget cuts were to take effect through sequestration in March.

U.S. Border Patrol agents said that 90,700 illegal immigrants were arrested in the Rio Grande Valley in the past six months, up 69 percent from last year. The agency said it could not estimate how many crossed over successfully and spread throughout the United States.

Sheriffs Babeu and Arpaio said that a year after the illegal immigrants were released, they still do not have critical information on who was released, including data on their criminal histories.

# Rural Life Report



By Donna Bolz  
Nebraska

## Drones offer farmers birds-eye views, ways to improve

Although news coverage around them is mostly focused on use in military operations, drones can be used in many ways. Drones can be used to perform a variety of tasks, ranging from reconnaissance missions in the military to, possibly, delivering pizza.

According to a study by the Association for Unmanned Vehicle Systems International (AUVSI), the drone, or UAV, industry in the U.S. could produce up to 100,000 new jobs and add \$82 billion in economic activity between 2015 and 2025. This number could be hard to reach because privacy concerns balance the case for drone use.

A majority of countries in the world today use a loose set of guidelines to govern drone use. The one exception is Japan, which uses drones extensively for agricultural purposes.

With regulation governing drone use up for discussion in 2015, the United States could soon follow Japan's lead.

An example of a startup that manufactures drones is *3D Robotics*. Since the commercial use of drones is limited in the U.S., approximately fifty percent of the startup's customers are located outside of America's borders.

According to Sue Rosenstock, 3D Robotics spokesperson, one-third of their customers consist of hobbyists, enterprise users make up another third, and one-third use their drones as consumer tools.

"Over time, we expect that to change as we make more enterprise-focused products, such as mapping applications," she explains.

Started by former *Wired* editor Chris Anderson, 3D Robotics is an end-to-end solutions startup. Its operations are spread across Berkeley, San Diego, and Tijuana in Mexico. It is vertically integrated and manufactures its own hardware and software.

While vertical integration increases

upfront development costs, it offers greater control for the company to market its products to specific industries, such as agriculture.

3D Robotics is already conducting tests with farmers to understand user needs and test custom drones for agriculture.

"Our approach is to make a product that fits into a farmer's actual equipment," says Brandon Basso, lead researcher at 3D Robotics. "We want them to use drones the same way that they use their other farming equipment."

In the absence of data regarding use of drones in agriculture, 3D Robotics is working off educated guesses. These guesses break down typical cost structures for farming to incentivize farmers to use drones.

As an example, Basso says farmers spray pesticides uniformly over their crop to protect them from fungal infections. "It is not environmentally great or financially great," says Basso. According to him, the use of drones can mitigate some of these drawbacks.

More specifically, a farmer can choose to not spray pesticides based on an aerial survey of their crop, performed by a drone. They can selectively spray pesticides only on plants that need attention, thus minimizing environmental damage and saving money.

Drones, which are fitted with payloads such as cameras, enable farmers to get a bird's eye-view of their crop by flying at low altitudes.

Using Infra-red imaging, drones can also detect which plants are sick and which ones are healthy. Basso says healthy plants reflect more infrared radiation, as opposed to plants which have fungal infections.

3D Robotics has deconstructed its tests into a series of stages that are closely linked to an actual drone operation. During the Mission Planning stage, Basso and his team discuss objectives and goals of a particular flight mission. They spend time drawing out an automated flight path for the mission. This path enables them to map out the best coverage area for the flight.

Flight times for drones can vary from less than ten minutes to approximately forty

minutes of flight time. This time is a function of payloads and rotors used in that particular drone.

Basso says drones used for agricultural purposes have a longer flight time but are unable to carry much load. Images and data are processed using imaging software once drones return to their original takeoff point.

Drones are a fairly technical affair. While their operations have been simplified, data crunching and imaging processing from drones still require technical knowledge.

As such, 3D Robotics is not selling its drones directly to farmers. The startup sells drones to crop analysts, who recommend them to farmers. As mentioned earlier, drone use has come under increased scrutiny due to privacy concerns. The agriculture industry is no different.

A majority of farms still rely on a number of manual methods for crop care. Licenses for drones are granted on a case by case basis. In the meantime, plans to grant access to U.S. skies for drones by September of 2015 are already delayed. However, Rosenstock is not worried.

"I would be surprised if there wasn't distrust of new technology," she says, adding that they [3D Robotics] are tech innovators and not police. "We leave regulation to the legislators."

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By Pam Potthoff  
Nebraska

# Trade Report

## Government's answer to U.S. trade deficit would hurt, not help

A Google of "national trade deficit" brings forth the American Economic Alert webpage where there is a trade ticker counting upward all the time as the U.S. national trade deficit advances second by second. It was at \$226 billion for the calendar year 2014 on Sunday, June 22. It is advancing at the speed of about \$41 billion a month or a little under one and a half billion dollars of imports over exports per day.

The trade deficit is a calculation of the difference between the goods and services Americans sell to foreigners and the goods and services that Americans purchase from foreigners. Over the last 30 years, the United States has run consistent and increasing trade deficits. The enormous size of the trade deficits over the last several years raises the possibility of a severe international economic crisis should foreigners begin to dump the dollars they hold in world currency markets.

The trade deficit has been charged with causing thousands of U.S. layoffs. A high percentage of these layoffs are a direct result of competition from foreign companies.

So what is the U.S. government doing about this horrendous trade imbalance? The government has decided to change the way they calculate imports and exports so the trade deficit won't appear so big. The Office of Management and Budget (OMB) has proposed a rule on "factory-less goods production" or FGP. This rule would consider design firms who offshore their manufacturing (such as Apple) as a manufacturer and would not count that company's importation of its foreign-produced products as an import.

By this means, our trade deficit would shrink and our manufacturing output would grow with the stroke of a pen, with-

out adding any more real jobs or real production.

Take a scenario in which Apple ships iPhone parts to China that are then assembled by Foxconn and then sent back to the United States to be sold here. Currently this would count as a net manufactured goods import--the value of the imported iPhone minus the lesser value of the exported parts.

Under the OMB proposal, there would be no recorded goods exports and no recorded goods imports. Instead there would simply be an import of services equivalent

to the value-added provided by Foxconn by putting the parts together.

The claimed basis for this is that Apple's ownership of the goods did not change and that Apple was simply contracting out with Foxconn--a "manufacturing service provider"--to assemble the iPhones. The result is manufacturing imports artificially fall.

The proposal would treat goods exported by offshore factories to third-party countries as U.S. manufactured exports. Therefore, when Apple ships iPhone parts to China that are then assembled by Foxconn and shipped from China to some third-party country to be sold there, the shipment of parts to China would not be counted as an export, the value-added of Foxconn's manufacturing "services" would be counted as a service import, and the final iPhone sold in the third-party country would be counted as a U.S. manufactured goods export. Currently, only the export of the parts to China would be an export in trade statistics (as manufactured goods exports).

Compared with the current system, this proposal would spell an artificial increase in U.S. manufacturing exports, as it would count the value of the exported iPhone as a U.S. manufactured export rather than just the component parts. The results of this ruse is manufacturing exports artificially rise.

Regarding labor statistics, the proposal would not only mean an overnight increase in the reported number of U.S. "manufacturing" jobs, but an artificial increase in manufacturing wages, as many of the newly-counted "manufacturing" jobs would be white-collar positions at "factory-less goods producers" like Apple.

This idea is reminiscent of the joke from the eighties about the old cowboy that moved his cows from pasture to pasture when the banker came to take the yearly farm tour so that the same cows would be counted numerous times. The truth is, both are just plain dishonest.

### WIFE Supporting Members

#### VIP Membership

- Bayer CropScience

#### Executive Membership

- Renewable Fuels Association

#### Associate Membership

- American Bankers Association
- American Council of Life Insurers
- Monsanto
- Florida, Texas, and Hawaii Sugarcane Growers
- U.S. Beet Sugar Association

#### Contributor Membership

- American Sugarbeet Grower's Association
- North Bridge Communications
- Western Skies Strategies
- AT&T

#### In-Kind Contributors

- Miller/Coors
- Rauner & Associates, P.C.



By Alice Parker  
Washington

# Natural Resources Report

## WIFE sends letter to EPA regarding Clean Water Act

*The following is a letter written to the Environmental Protection Agency regarding the Clean Water Act on behalf of WIFE*

Dear Docket Administrator:

Women Involved in Farm Economics (WIFE) writes to express serious concerns with the proposed rule promulgated by the Environmental Protection Agency (EPA) and the U.S. Army Corps of Engineers (Corps) (together, the agencies) defining the scope of waters protected under the Clean Water Act (CWA).

WIFE is a non-profit association dedicated to improving the profitability of agriculture through educational, legislative, communicative, and cooperative efforts. WIFE believes that agriculture is our nation's most vital renewable industry and that improving profitability on farms and ranches is essential to improve the standard of living for both rural and urban populations. Our organization opposes the adoption of any action imposing unnecessary or burdensome obligations on agriculture that results in the decline of farm jobs and revenues.

WIFE recognizes the goals of the CWA and supports reasonable means to prevent the degradation of surface and groundwater. WIFE, however, opposes the expansion of the CWA's jurisdictional reach of the Clean Water Act. The proposed rule expands CWA jurisdiction well beyond the original understanding of traditional navigable waters by modifying the definition of waters of the United States to include all tributaries—perennial, intermittent, and ephemeral—of those waters; all waters adjacent to traditionally navigable waters, including floodplains, riparian areas, and groundwater (“waters with a shallow subsurface hydrologic connection . . . to a jurisdictional water”); and other waters with a significant nexus to navigable waters. Looking at the expanse of floodplains alone, it is difficult to take the

agencies' claim that federal jurisdiction will only increase by 3 percent at face value.

Our concern is that traditional farming activities that once were addressed for the purposes of the CWA on a case-by-case determination will become jurisdictional by default. And while WIFE appreciates the exemptions to the general jurisdictional rule for “[n]ormal farming, silviculture, and ranching activities such as plowing, seeding, cultivating, minor drainage, and harvesting for production of food, fiber, and forest products” and more than 50 conservation practices, the expansion of CWA jurisdiction will likely incorporate activities beyond the purview of non-farmers. For example, under the wording of the proposed rule, both farm ditches with flows sufficient to be considered “perennial” and multipurpose stock ponds along intermittent or ephemeral streams throughout the arid West would be considered subject to the CWA.

The costs of increased permitting, whether through the National Pollutant Discharge Elimination Program or Section

404, will be borne by our nations farmers and ranchers. Before moving forward with any proposed rule on this matter, it is absolutely imperative that representatives of the agencies talk to farmers and ranchers to ascertain how the agricultural sector may be impacted.

Given the broad scope of the proposed rule, in addition to its unforeseen impacts on agricultural producers (and consequently food prices), WIFE requests a reevaluation of the expansion of the rule where it intersects with agricultural practices necessary for the production of food in the United States. An abundant and affordable food supply is a critical component of this nations National Security System.

We thank you for granting an extension of 90 days to the initial comment period.

Sincerely,  
Alice Parker  
Natural Resource Chairman and  
Past National President WIFE

### WIFE 2014 Commodity & Topic Chairs

**Beef**

Whitney Klasna

**Cereal Grains**

Jean Wach

**Dairy**

Kay Zeosky

**Energy**

Barbara Broberg

**Homeland Security**

Marlene Kouba

**Media**

Diane McDonald

**Natural Resources/Private Property/Water/Endangered Species**

Alice Parker

**Rural Life/Farm Finance Communication/Tax/Health**

Donna Bolz

**Sheep & Goats**

Tammy Basel

**Sugar**

Klodette Stroh

**Trade**

Pam Pothoff

**Transportation**

Pat Torgerson

# Energy Report



By Barbara Broberg  
Montana

## Benefits from Bakken oilfield spanning state, country lines

The North Dakota Bakken oil play recently hit 1 million barrels per day. WIFE “felt” some of the oil in North Dakota when the 2012 WIFE Convention took place in Bismarck.

Bismarck is full of oil professionals. In 2012 the oil producing and oil transportation sector in northwestern North Dakota was experiencing infrastructure and civic woes: roads were wearing out, stores and mechanic shops were needed, housing and personnel were in short supply. A boom was on and it has continued.

North Dakota has continued to deal with it all while North Dakota WIFE has kept oil information coming in. They are proud of their resource and rightly so!

In the same vein, it should be known that natural gas continues to be flared off in ignition chimneys. Venting the wells with no place to go with the product. After seeing these flares, the first thing that comes to mind is, “that is wasted energy”.

Because of the sheer amount of gas going up in smoke, so to speak, there may be some answers produced. Like most competitive industry, the thing to do is produce cheaper and keep the resource moving.

Neighboring Montana has provided some manpower to the Bakken oil field, too. Log truck drivers have turned their driving skills to oil work.

China is sending a certain kind of sand over to facilitate certain pipe work. This type of sand allows the product to move smoothly through it.

In Canada, there are all kinds of research projects connected with the varying ways of drilling and obtaining oil and natural gas.

Without going into too much chemistry, sometimes a form of nitrogen is introduced into pipelines to grab molecules. This is a cleansing operation. After this process happens, farmers can be paid to have the nitrogen by-product sprayed onto their fields.

The best take-home message for today is how much innovation is created by a near surplus of product. Similar to having a lot of ripe peaches or tomatoes on hand, you start to think of ways to use them up or store them.

Having oil production on the continent will continue to be a great innovation engine and knowing there are alternative energy sources crowding the future is another incentive to drill and exploit responsibly. Regulation is a hindrance when it restricts innovation in the improvement of an entity or product.

There is a very helpful article called “Biodiesel Basics” by Ray Bohacz in the May 2014 issue of *Successful Farming*.

It discusses cetane, lubricity, ASTM standards, its ability to “clean” and more, so be sure to change filters frequently in the be-

ginning or start with cleaned fuel tanks. The article has good information if you need to know how to buy or assess good biodiesel.

China is interested in oil, Canadian and U.S. oil, but how to get it to China is another question. Pipeline, rail, truck, and ship; which combination will satisfy the customer and ship safely?

The work in Georgia continues with nuclear power modules, though they aren’t as big as former nuclear plants.

Here in Montana, the snow is still coming off the mountains, and there have been recent rains so an employee at a hydroelectric dam urged people to go and visit some of the waterfalls along the Missouri River in Great Falls. Lots of rushing water; very beautiful and powerful and still making Great Falls the “Electric City” for over 100 years.

### A Note from Scholarship Winner Andrea Wach



Thank you WIFE for sponsoring this scholarship to support me on my trek through the next chapter of life! I greatly appreciate the financial support that this scholarship will provide in propelling me towards my degree!

This fall I will be a freshman at the University of Nebraska - Lincoln. I have the goal of developing speaking skills to be a positive voice for agriculture my entire life. I hope to achieve a Bachelor of Science Degree from the College of Agricultural Sciences and Natural Resources in Agricultural Communications, Public Relations and minor in Entrepreneurship.

The more I learn about what all Agricultural communications holds for me, the more excited I become. There are many opportunities I can pursue, whether it be in radio and broadcasting, writing, or publicly speaking to groups. I envision myself working for an agriculture magazine or being a spokeswoman for a company in the future as my platform to inform others. The more people know, the more accepting of our new agricultural advancements they will be, and if I am able to open up that door of understanding for them, then my career will be worthwhile.

Thank you again for your continued support of the agricultural industry. It is because of organizations such as WIFE young students can manage the costs of higher education in pursuing degrees.

# 2014 Proposed Bylaw Changes

*Submitted by Montana WIFE, Shana Baisch*

## ARTICLE IX: OFFICERS

Section 2: Officers shall be elected by members attending Annual Convention to serve one (1) year or until their successors are elected. Candidates shall have the endorsement of their chapter and association or the endorsement of five (5) regular members in good standing

**Proposed changes: delete “annual” and change term from “one (1) year” to “two (2) years”**

Section 6: Elected positions shall be limited to two (2) consecutive one (1) year terms, with the exception of the treasurer.

**Proposed changes: delete “one (1) year terms” and insert “two (2) year terms”**

Section 8: No more than two (2) members of the Executive Committee shall be from any one (1) WIFE state association.

**Proposed change: change from” two members” to “three members”**

## ARTICLE X: DIRECTORS

Section 3: Area Directors shall be elected by members at the annual convention to serve for one (1) year or until their successors are elected. Candidates shall have the endorsement of their chapter and association, or the endorsement of five (5) regular members in good standing.

**Proposed change: delete “annual” and change from “one (1) year” to “two (2) years”**

Section 7: Area Directors shall be limited to two (2) consecutive one (1) year terms.

**Proposed change: delete “one (1) year” and change to “two (2) year terms”**

## ARTICLE XII: COMMODITY/TOPIC CHAIRMAN

Section 1: All commodities and topics of interest to WIFE shall have a chairman who shall be elected at the annual convention, by ballot, and serve a maximum of three (3) consecutive one (1) year terms.

**Proposed change: delete “annual” and change from” three (3) consecutive one (1) year terms” to “two (2) consecutive (2) year terms”**

## ARTICLE XIV: ANNUAL CONVENTION

**Proposed change: to delete the word “Annual” from the title of Article XIV**

Section 1: The convention shall be held in October or November at the place designated by the Board of Directors.

**Proposed change: at the end of Board of Directors add “on even numbered years. The Board of Directors may decide by majority vote to also hold conventions on odd numbered years.”**

*Submitted by Chapter 5, Sterling WIFE, Jenifer Felzien*

## ARTICLE XIX: AMENDMENT OF BYLAWS

Section 4: Bylaws may be amended every year.

**Proposed change: insert “other” between “every” and “year” to read “Bylaws may be amended every other year.”**

# WIFE Updates

WIFE MEMBERS--DON'T FORGET TO:

\* Bring your state and chapter endorsements to the national convention if you want to be nominated as a candidate for an elected position and remember, you must be nominated from the floor!

\* Send your resolutions in by September 29

Resolutions are due to Resolution Chairman, Mary Ann Murray, by September 29, 2014, unless an extension has been requested. If you requested an extension at the June Board of Directors meeting, you have until two days after your state convention to send them in. Please send your resolutions to the Resolution Chairman at:

Mary Ann Murray  
487 S. Sand Creek Road  
Jordan, MT 59337  
email: [lige@midrivers.com](mailto:lige@midrivers.com)



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