



WASHINGTON STATE POTATO COMMISSION
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Future of Farming-“A Strategic Plan for Washington Agriculture” Position Paper

Washington State Potato Commission

INDUSTRY BACKGROUND

The Washington State Potato Commission represents all 300+ potato producers in the State. In 2007, 165,000 acres of potatoes were planted and harvested in the state. The farm gate value of this crop was \$685 million. Approximately 87% of the crop is processed into value added products. The production and processing of this crop is worth \$3.5 billion dollars to the economy of Washington State and includes over 20,000 jobs.

The Washington State Potato Industry leads the nation and the world in innovation and yield per acre. Our climatic and soil conditions produce yields that are over 50% higher than the US average. To be a world leader requires continuous research and innovation. The Washington State potato growers fund more research than any other potato producing state.

These high yields are a necessity to make up for the high cost of producing potatoes in Washington State. The average land costs, labor costs, and transportation costs, are higher in Washington than in any other state.

The profitability and future of the Washington State Potato Industry is in a delicate balance. While small increments of taxation, regulatory burden, or other costs of doing business might not seem to pose a threat to our industry, it is the cumulative effect of these small increases that do threaten our industry. Any additional costs imposed on the Washington State Potato Industry that is not imposed on producers in competing states or countries, is detrimental to our industry. Potato processors can, and have, shifted production out of state where the cost of doing business is cheaper.

The Washington State Potato Industry is suffering in tough financial times. Processing contracts are often settled 6 months ahead of when the crop will be planted. Fuel, fertilizer, and land costs rose at rates never seen before. These increases occurred after contracts had been negotiated so farmers are taking extreme losses this year. The geographic location of Washington State, in relation to other potato producing states, is both a competitive disadvantage and advantage. We are at a disadvantage since many competing states are located closer to major domestic population centers. Our advantage is our location to international gateways of overseas markets. Over 95% of all Washington potato production leaves the state. Approximately 40% of the potato production is exported to international destinations. Cost effective, widely available, and timely transportation options are needed to ensure the success of our industry.

The Washington State Potato Industry is in need of a gradual expansion of acres. Because of their susceptibility to a variety of pests, potatoes can only be produced on a

piece of ground once every 4 years. Of all the irrigated acres in Washington State, each year, only about 160,000 acres are suitable for potato production. This is also the amount of potatoes that are needed to meet the current needs of our fresh and processing industry. Any expansion in our value added processing will require additional acres. To expand acres, additional irrigation water will be needed to facilitate this type of economic development. Additional acreage will also be needed to create a more sustainable industry. Fewer inputs would be required if we could lengthen our crop rotations. This is not possible without a gradual expansion of available acres and irrigation.

KEY ISSUES THAT NEED TO BE ADDRESSED:

Water Availability

Access to irrigation is critical for the Washington potato industry. All potato crops in the state require some level of irrigation. Food production must be recognized as a critical use of water and must be protected from potential loss of access. Climate change may reduce snowpack water storage and thereby reduce water available for irrigation in summer months.

- Continue work to replace Odessa Sub Area Aquifer deep well irrigation with surface water.
- Create incentives for water conservation.
- Use conserved water for gradual expansion of irrigated acres and economic development.
- Develop additional water storage facilities.
- Allow for more flexibility to temporarily move water rights from one piece of ground to another.

Access to Crop Protectants

The potato is a very difficult and risky crop to grow. It is susceptible to numerous pests and diseases and requires various inputs. Growers utilize integrated pest management strategies to reduce their reliance on synthetic pest controls, but biological and cultural controls are not enough by themselves. Access to necessary pesticides and synthetic fertilizers are needed to insure quantity, quality, and food safety requirements for our domestic and international customers.

- The EPA has stringent safety standards for humans and the environment for each pesticide use. Additional state regulations beyond EPA regulations are burdensome and shift potato production out of the state without any real benefits to human and environmental health.
- Access to crop protectants is necessary to meet many phytosanitary rules of importing countries. Further state restrictions jeopardize international markets.
- Controlling invasive non-native pests is a reality. Washington State is a gateway for international trade and the threat of importing an invasive species is real. Access to chemical controls is critical for managing and preventing invasive pests.

Agriculture and Potato Research

The Washington Potato Industry has been able to maintain its competitiveness by its investments in agriculture and potato research. New variety development is the key to producing crops that meet customer needs while reducing input costs and other resources.

- Increase funding for agriculture research, research staff, and equipment.
- Increase funding for agriculture extension activities.
- As baby boomers become empty nesters, it is shifting our consumer demographics to more one and two person households that cook less and desire more nutritious food. Research in product innovation will be critical to maintaining market share for the potato industry.

Transportation Cost and Availability

With over 95% of the potato crop leaving the state, it is important to have effective, low cost, and readily available transportation options to move the crop to market. Domestic

transportation options will have to improve since future export markets may diminish due to competition from China.

- Snoqualmie pass is greatly utilized, by producers on both sides of the Cascades, to move product to customers and ports. Improvements on the pass that facilitate freight mobility are the most important highway project for the potato industry.
- Advocate for increasing the federal limit on truck weights utilizing a third axle on truck trailers. This produces a truck that can stop faster and straighter, allows for 20% more cargo to be loaded on each truck, generates less wear and tear on highways by spreading out the weight, reduces fuel consumption and greenhouse gas emissions, reduces truck congestion, reduces transportation costs, and increases the availability of trucks and drivers.
- Create incentives for railroads to improve and expand infrastructure.
- Require a state “report card” for the level of service railroads provide to its captive shippers.
- Create a healthy business environment for our ports. Increases in the cost of business for shipping lines can cause them to leave the Washington ports for Canadian ports. This creates a lack of refrigerated containers for our export markets.

Taxes

Property taxes, sales taxes, B&O taxes, and estate taxes contribute to the burdensome cost of doing business in Washington State. The cumulative effect of these taxes can put Washington producers at a great disadvantage. Potato producers are currently struggling with profitability due to costs rising faster than revenues.

- Maintain current tax exemptions for agriculture.
- Eliminate the Estate Tax on farms, which can destroy family businesses.

Labor and Workforce Availability

The potato industry is highly mechanized but still requires many unskilled laborers for sorting potatoes. Technical training is required for employees that operate and maintain farm, packing, and processing equipment. Highly trained and degreed employees are required for many agronomic and management positions. The Washington potato industry’s future depends on the available supply of unskilled labor, skilled labor, and college educated employees.

- Incentives need to be created to attract young students into agricultural careers.
- A strong vocational education system is needed to produce our skilled labor. Strengthen high school vocational education and community college programs.
- The State needs to support comprehensive immigration reform that gives temporary or permanent status to illegal immigrants currently in the country, that strengthens a streamlined guest worker program, and that eliminates the employer from having to be the enforcement agency.
- Washington has the highest minimum wage in the country for unskilled and inexperienced workers. Competing states have a strong advantage in reduced labor costs. This policy also drives farmers to reduce total employment in favor of increased mechanization.
- Washington has very generous benefits for unemployment insurance and workers compensation compared to competing states. A thorough evaluation is needed to put benefits in line with what other states are requiring.

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