

IDAHO POTATO PULSE



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Government Affairs Report

By Pat Kalc

There has been quite a bit of discussion about the retaliation against US potato products by Mexico over the truck issue and how it will impact our industry. Below please find a memo from John Keeling updating you on this matter, together with a one page summary prepared jointly with the USPB.

Subject: Mexican Retaliation on Frozen Potatoes

We have spent the last two days analyzing the impacts of the termination of the Mexican truck "pilot" program and the resulting retaliation by Mexico which includes a 20% tariff on U.S. frozen potato products. Working with the USPB we developed a "one pager" that summarizes the background leading up to the action by Mexico and the impact on frozen exports to Mexico. The one pager is attached.

I had discussions with other members of the coalition we have been working with about the commitment of members of the coalition that were not targeted with retaliation to work to reverse the current situation. The people I talked to believe that all the members of the coalition will be willing to work to get the administration to develop a plan that will put them in compliance with the truck access provisions of NAFTA. They believe this because they think the precedent is significant enough and that it is possible that Mexico could utilize the carousel approach to retaliation by which they rotate the goods that are identified for retaliation. In that case not being on the list now does not insulate you from being on the list at a later date. The coalition will meet on Monday, March 23 to discuss strategy. Our greatest strength will be coordinating our potato industry efforts with those of this coalition.

There have been some positive statements from the Administration on the need to fix the problem. Why they did not object during the consideration of the omnibus is a subject that is unclear at best. Nevertheless the Administration is reportedly working on an alternative plan to the "pilot." We also expect Rep. Flake R-AZ to introduce a bill to repeal the section of the Omnibus that eliminated the "pilot" funding.

John Keeling
Executive Vice President and CEO
National Potato Council

Industry Relations Report

By Todd Cornelison

I recently attended the USPB annual meeting in Denver, CO. I am pleased to report that Idaho had a very substantial presence at the meetings and your delegates represented you very well. Idaho has approximately 30 delegates, two of which are on the USPB executive committee; they are Cheryl Koompin and Shane Webster. While the issues covered at the meetings are too numerous to mention in this newsletter, I will touch on a few of the highlights. If you would like more information from the meetings, I would encourage you to contact one of the delegates for a more in depth review. A list of the delegates can be found at <http://www.uspotatoes.com/130board.html>

Perhaps the biggest issue of the meetings was the proposed assessment increase. USPB's assessment has been 2.5 cents/cwt for the last few years. However, due to recent economic conditions and the increased cost of doing business, USPB finds themselves in much the same situation as most farmers; they can't achieve the same results with last year's budget. And they are left asking, do we increase our assessment and continue all of our programs or do we cut some of our programs? The delegates decided that all of the programs were worth keeping and an

increase was in order. The vote was not unanimous; however, it certainly carried the majority and the assessment will be 3 cents/cwt starting next year. It was determined that the increase will cost the average farmer approximately \$2.00 acre. The cry being heard again and again being, "we will spend \$60.00 an acre in an instant for weed or pest control, why won't we spend \$2.00 to help market our crop?"

Another interesting part of the meetings was the most recent consumer eating trend information from Neilson data. For years fresh potato consumption has been on a steady decline. More recently, the Atkins diet has also had a negative impact on fresh consumption. For the first time since Atkins came out in 2001, consumers are finally starting to view fresh potatoes as part of a healthy diet again. The negative attitude towards fresh potatoes, which centers around potatoes being considered fattening, peaked in 2004 with a whopping 35% of consumers surveyed saying that potatoes were fattening. In 2005-2008 consumer attitudes moderated with an average of 29% of those surveyed considering potatoes fattening. However, in 2009, that statistic dropped off to just 24%. While 24% is still too high, it is good to see the trend reversing. Our biggest battle, according to USPB, continues to be negative attitudes towards potatoes.

Calendar

March

- 19 IGSA Board Meeting, Idaho Falls, ID
- 22-27 World Potato Congress, New Zealand
- 23 United of Idaho Independent Grower Roundtable, Shilo Inn, Idaho Falls, ID

April

- 1-4 IACP Culinary Professionals Conf, Denver, CO
- 7 United Potato Growers of Idaho Board meeting, Idaho Falls, ID
- 14-15 IPC Commission Meeting, Eagle, ID
- 20-24 United Fresh Produce Association Convention, Las Vegas, NV
- 21 PSO (ProduceSupply.org) meeting, Las Vegas, NV at the front end of United Fresh convention
- 25 Global Conference on Food Safety, Las Vegas, NV
- 27-29 NPC State Managers meeting, Washington, DC

May

- 5 United Potato Growers of Idaho Board meeting, Idaho Falls, ID
- 14-15 IPC Commission Meeting, Eagle, ID
- 16 IPC Marathon, Boise, ID
- 15-19 NRA Show, Chicago, IL

June

- 2 United of Idaho Board Meeting, Idaho Falls, ID
- 4 American Potato Trade Alliance (APTA) meeting, Washington, DC
- 17-19 NPC Summer Board of Directors meeting, Richland, WA
- 23-24 IPC Commission Meeting, Eagle, ID
- 28-30 S.W. Foodservice Expo, Dallas, TX