

## The Honorable Valoria Loveland

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Base Grant: \$500,000  
Specialty Crop Grant: \$9,610,000  
Total Grant: \$10,110,000

### Introduction:

In July 2001, the Department of Agriculture was notified that we would receive a federal grant for “specialty crops” of \$9.6 million and for agricultural promotion of \$500,000 as a result of a \$159.4 million emergency appropriations bill originating in the House of Representatives. Our amount was based on the dollar value of the specialty crops produced in Washington. For these purposes, that includes virtually all crops produced in Washington except wheat. In Washington, there are over 300 commercially produced “specialty crops.”

In September, we received a “guidance document” from Secretary Veneman. The guidance was of a very general nature. Secretary Veneman stated, in part:

“In allocating the \$159.4 million, the statute specifies that each State is to receive \$500,000 for the promotion of agriculture, plus an additional amount determined as the proportion of the value of specialty crop production in the State to the national value of specialty crop production. Washington’s total allocation is \$10,110,000. In its report accompanying the legislation, the House Committee on Agriculture specifically references the needs of specialty crop growers in areas of research, promotion, and inspection. In allocating the other funds provided, we encourage you to evaluate particularly the needs of specialty crop producers in your State in the areas of: (1) pest and disease prevention, control, and eradication; (2) food safety; (3) research; (4) market promotion; (5) WIC Farmers Markets; and (6) other areas that will put the funds to the best use to benefit agriculture in your State.”

In putting together a preliminary plan for effectively utilizing this grant money, consistent with the intent of Congress, the agency sought input from a variety of agricultural stakeholders. Our intent was, to the degree possible, to seek out projects that have long-term benefit to

specialty crop producers rather than simply providing short-term relief.

On September 19, 2001, we met with a large cross-section of agricultural stakeholders to discuss the preliminary planning. As a result of that meeting, we determined to focus on a number of issues: Agricultural promotion and a program to encourage consumers to buy Washington products (“From the Heart of Washington Campaign”), support for small farms and direct marketing, water storage and utilization, market access and trade barriers, pest control projects for minor, minor crops, and direct relief to red raspberry growers. Although there was not total consensus on all issues, there was basic agreement on direction. It was also agreed to keep a portion in reserve to be able to move on new projects as opportunities became evident.

The initial process determined broad categories and general distribution of funding. In determining specific grant selection and amounts within these categories, we have utilized a number of different advisory groups and processes. Our goal has been to involve a broad cross section of the agricultural industry. The grants for trade barriers and promotion have been reviewed and those to be funded selected with the advice of our International Marketing Advisory Committee and Commodity Commissions; the Small Farms and Direct Marketing grants have been reviewed and recommended by the Small Farms and Direct Marketing Advisory Committee. Those who received matching funds for minor, minor crop projects were selected by the Washington State Commission on Pesticide Registration. The water related projects have been selected in consultation with the Governor’s office and a broad range of interested parties from agriculture to regulatory officials.

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To date (September, 2003), we have selected 84 projects or activities for funding. To date, 40 have been completed. Approximately 99.5% of the \$10,110,000 has been allocated — \$10,000,698. We have an additional \$109,302 to focus on areas where new needs are identified.

In December 2003, in response to the threats to the security of the specialty crop producers, we allocated \$80,000 from the specialty crop money to assist in enhancing risk assessment and planning for Homeland Security.

The overall goal of the Specialty Crop and Agricultural Promotion distribution is to further the agency's mandate and Congress' intent of supporting the economic viability of the agricultural community, which in Washington, means specialty crop producers.

### **I. Agricultural Marketing and Promotion**

Increasing the sales of Washington specialty crops and the returns to Washington producers and processors was identified as a top priority in the allocation of Specialty Crop and Ag Promotion funding. This goal was looked upon broadly as encompassing not only sales but also support for agriculture as a key sector in Washington's economy (*From the Heart of Washington* campaign). We targeted two key export areas, China and Southeast Asia, for two-year market development activities using contractors to develop marketing programs.

Because of the great diversity of Washington's specialty crop agriculture, we rely heavily on a large number of niche markets. A number of specific grants or programs address specific niche markets ranging from hops, raspberries and nursery plants into Japan to apples and pears into Indonesia.

Domestic marketing received assistance in several areas as well as for a diverse array of specialty crop items from nursery plants, to peas and lentils, to seafood.

In almost all of these projects, the most important measure of success is sales of product that increases returns for growers and processors.

### **"From the Heart of Washington" (HOW) Campaign:**

**Washington State  
Fruit Commission, \$2,700,000**

The "From the Heart of Washington" campaign is a three-year program with two primary goals: (1) to encourage Washington consumers to purchase Washington agricultural products and (2) to promote an understanding of the importance of agriculture to the state in the nonagricultural community.

#### Status Report:

The "From the Heart of Washington" campaign was launched June 17, 2002, with state-wide media events by Governor Gary Locke and Director of Agriculture Valoria Loveland. The campaign has been provided \$1.3 million for the first year, \$700,000 for year two and \$500,000 for year three. The campaign is now into its third year.

Because of the program's success and acceptance, in December, 2003, we allocated an additional \$200,000 to assist the Heart of Washington campaign to transition to a new funding base and we have approval to introduce agency request legislation to establish a 501© corporation to administer the program. An additional \$200,000 of state general fund is also included in the Governor's supplemental budget request.

The primary focus of activity has been the non-Ag consumer in the urbanized I-5 corridor in Western Washington where the majority of the state's consumers live. The campaign is currently carried out using the Washington State Fruit Commission in Yakima as the financial manager. An Executive Director directs the day-to-day operations. A fifteen member Advisory Board headed by Director Valoria Loveland provides oversight of the campaign and coordination with other agricultural organizations.

The first annual report from the Heart of Washington Campaign has been received and is available through WSDA.

### **Contract Representative China:**

**Washington State  
Department of Agriculture (WSDA), \$140,000.**

WSDA is contracting to expand export sales of Washington food and agricultural products to the People's Republic of China and to increase the number of Washington companies exporting to the People's Republic of China. This contract is part of a broader export promotion effort to

increase the sales of Washington State products in overseas markets, increase the competitiveness of Washington businesses and thereby strengthen and diversify the state's economy.

The International Marketing Advisory Committee has identified China as a new key market for Washington specialty crops. Because of budget cuts, WSDA has not had a China representative for two years. Based on the committee recommendation, WSDA has utilized \$140,000 of the specialty crop funding to retain a contractor for China.

The contractor also works directly with the Washington Apple Commission and the Washington Fruit Commission enabling WSDA to participate in joint promotional activities.

Status Report:

International Marketing has contracted with representatives in Beijing, Hong Kong, Shanghai, and Guangzhou. Working as a team with WSDA's International Marketing staff, these representatives have led inbound buyers' missions, organized in-store and restaurant promotions, and assisted Washington companies at trade shows, seminars, and individual meetings.

Five Washington seafood companies on an outbound mission and trade exposition to Nanjing, Qingdao, and Shanghai, produced an initial sales of \$645,000.

Our China and SE Asia contractors jointly produced \$24,224,707 in sales.

As a result of the success of this project, a funding request has been included in the Governor's budget to continue this program with state general funds when the grant allocation is exhausted.

**Contract Representation SE Asia:**

**Washington State Department of Agriculture, \$75,820.**

WSDA is contracting to expand export sales of Washington food and agricultural products to Southeast Asia (defined for the purposes of this agreement as Malaysia, Brunei, Singapore, Thailand and Vietnam) and to increase the number of Washington companies exporting to Southeast Asia on a regular basis. WSDA will be working on a cooperative basis with the Washington State Fruit Commission (WSFC) on several projects that utilize the services of the contractor. This contract is part of a broader

export promotion effort to increase the sales of Washington State products in overseas markets, increase the competitiveness of Washington businesses and thereby strengthen and diversify the state's economy.

The International Marketing Advisory Committee has identified Southeast Asia as a key new market for Washington specialty crops. Based on this recommendation, WSDA is utilizing \$75,820 of the specialty crop funding to retain a contractor for Southeast Asia. Ms Chen's office is in Kuala Lumpur, Malaysia.

Status Report:

International Marketing has contracted with representatives in Beijing, Hong Kong, Shanghai, Guangzhou, and Kuala Lumpur. Working as a team with WSDA's International Marketing staff, these representatives have led inbound buyers' missions, organized in-store and restaurant promotions, and assisted Washington companies at trade shows, seminars, and individual meetings.

Our China and SE Asia contractors jointly produced \$24,224,707 in sales.

As a result of the success, a funding request has been included in the Governor's budget to continue this program with state general funds when the grant allocation is exhausted.

**Washington Suppliers Database:**

**Washington State Department of Agriculture, \$30,000, Match: \$40,000.**

This project will update the Suppliers Database of Washington food and agriculture companies. This is to allow for better matching of Washington companies with foreign and domestic buyers by WSDA staff to include overseas offices, and improve and expand this database to make it available to potential buyers via the Internet for domestic and international contacts. Previously, a printed biennial buyers guide was distributed to less than 1,200 users. Documented sales from past editions have exceeded \$1,000,000 for each reprint. Internet access will exponentially increase the sale of Washington products to both domestic and international buyers both through staff efforts and via public internet access.

This project builds from the suppliers database originally established in 1996. The first stages of the update and upgrade are paid for by WSDA in an amount exceeding \$30,000. Additional WSDA staff time and effort is estimated at \$10,000 as an in-kind match

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Status Report:

The basic Suppliers' Database project has now been largely completed and has significant new functionality provided to enhance the sales of specialty crops. WSDA representatives in Yakima, Japan, Taiwan, China and SE Asia using CITRIX can now access the data electronically. The ability to update and keep data current has been decentralized. Using the database, information on trade missions, trade leads, etc. can be distributed electronically on an industry or market specific basis. In addition, we can quickly generate specific e-mails with seller data to specific customers. Because the application is now WEB based, buyers may access the database directly to get contact information on specific sellers of commodities. The WEB based version also allows potential buyers to give feedback directly to Marketing on the functionality of the database.

**Expanding Marketing Opportunities for Washington Grown Shellfish:**

**Pacific Coast Shellfish Growers Association (PCSGA), \$42,500, Match: \$44,760.**

Washington State Shellfish growers face unique challenges in the marketplace. Strict environmental, food safety and labor law regulation represent distinct disadvantages compared to foreign competitors. Compounded by a recent downturn in the domestic market, shellfish growers, traditionally small "mom and pop" operations, face significant challenges in conducting any statewide promotional campaign. The components of this project are designed around the recommendations of current market assessments funded through a Federal-State Marketing Improvement Program (FSMIP) grant. The FSMIP funded project identified strategies for expanding marketing opportunities but did not provide for implementation.

Status Report:

A final grant project report is on file. As a result of this joint effort with USDA and WSDA, growers have a suite of promotional materials available to them now to help promote their products, and equally important, a vision and strategy for taking the marketing strategy to the next level. This project will serve as the foundation upon which PCSGA plans to launch a branding program that encompasses the strategy and the materials created through this grant."

**Introducing the Pink Lady USA Brand Apples to the Canadian Market :**

**Washington Apple Commission (WAC), \$11,000, Match: \$19,000.**

For the past two years, the introduction of new varieties of apples marks a transition from a marketplace traditionally dominated by the Red Delicious apple. That transition is seen as a key element to the economic viability of the industry. In the last two years, product samplings at the Produce Marketing Association and at the Canadian Produce Marketing Association Convention, have found that the Pink Apple variety is immensely popular with those consumers that have the opportunity to sample it. A series of in-store promotions was proposed in the major markets of Montreal, Toronto, and Vancouver.

Due to the short supplies of Pink Lady apples in 2002, there was not enough product available for an extensive promotional push in the Canadian market. In addition, the Washington apple industry was hit by a severe freeze at the end of October. Approximately 95% of the Pink Lady crop was lost. This contract scope of work was changed to a special focus promotion on small-size Golden Delicious instead of the Pink Lady.

Status Report:

A final grant project report is on file. This project was extended until April of 2003, due to the short supplies of Pink Lady apples in 2002. The promotion was replaced with golden delicious apples and began in December of 2002. As a result of this project industry reports a 31 % increase in sales for the Canadian market. \$665,000 of new sales can be directly attributed to this project.

**Columbia River Wine Expo:**

**Tri-City Industrial Development Council, \$25,000, Match: \$65,000.**

The Columbia River Wine Expo is designed to sell Washington State wines to foreign markets. In the past, the industry has addressed the "foreign opportunity" primarily through activities sponsored by the larger individual wineries. For many of the smaller participating wineries this was a "new to market" activity. This year's event focused on selected Asian markets and the German speaking and Scandinavian countries of Europe.

Status Report:

A final grant project report is on file.

The Columbia River Wine Expo on May 9, 10 and 11, 2002, hosted 28 foreign buyers and 50 Washington State Wineries with seminars, tours and a luncheon for buyers at the Columbia Crest Winery in Kennewick. The project was very successful. As a result of this project, WWC reported that export sales of Washington wine increased by \$1 million dollars.

### **Joint Washington Apple and USA Pear Promotions, Indonesia:**

**Washington Apple Commission (WAC), \$20,000, Match: \$30,000.**

In 1997, the Asian economy was hit hard by a financial crisis and the fruit export markets were significantly impacted. Since that time, the large economy has experienced an annual 3% growth rate. Apple imports have grown proportionally with the recovering economy. The Indonesian market purchased 2.22 million boxes of Washington apples during the 2000/2001 seasons, a 40% increase over prior years. For US pears, with sales of 8,000 boxes, the recovery has been significantly slower. Because apples and pears can be combined into one shipment the primary source for US pears in the Indonesian market is the Washington apple supplier.

This project is a joint effort of the WAC and the Pear Bureau Northwest to promote their respective products together in Indonesia. Promotional efforts will target Indonesia retailers and will focus on high traffic areas of the retail sector.

#### Status Report:

A final grant project report is on file. Because of some initial problems, this project was extended until April of 2003. The original proposal called for the joint promotion in Indonesia to be centered around the Chinese New Year celebration in February 2002. However, Indonesia was hit by severe flooding during that time, disrupting fruit sales and hampering promotional efforts.

112 stores in 16 major cities around Indonesia participated in the Moslem New Year display contest in November 2002. The contest resulted in many imaginative displays and created extreme exposure for the combination of Washington Apples and USA pears. Yakima Valley Growers-Shippers Association show that Apple exports to Indonesia was 40.7% higher than last years. Pear shipments were less compared to the previous season. There was a smaller pear crop and shipments to the Asia Pacific group dropped by 40.4%. However, the shipment of pears to Indonesia only dropped by 24.4%.

### **USDA Foreign Food Aid Program Manager:**

**Washington Apple Commission (WAC), \$25,000, Matc3: \$45,000.**

The USDA, for the first time ever, purchased 110,000 boxes of US apples in October of 2001, for the Russian food aid program. Of the 110,000 boxes purchased by USDA, 100,000 boxes were from Washington State. This \$1.2 million in purchases is a first step toward potentially tens of millions of dollars in USDA purchases for further shipments to Russia and other recipients of U. S. aid in the future.

#### Status Report:

A final grant project report is on file.

In cooperation with US Apple based in McLean, Virginia, WAC has subcontracted with a program manager to work with the United States Department of Agriculture (USDA). They will act as a catalyst to ensure that US apples are placed in future USDA food aid programs.

### **Japanese Market Development Project:**

**Washington State Nursery & Landscape Association (WSNLA), \$25,000, Match: \$33,800.**

In 1998, an in-depth market study by the Western United States Agricultural Trade Association indicated significant growth opportunities for U.S. plants in the private and commercial sectors of the Japan market. Japan is experiencing high consumer demand for new and exotic plants. This project proposed to:

- Develop a presentation portfolio providing recommended product information (e.g. design uses size specifications, growth characteristics);
- Conduct an outbound trade mission to Japan; and,
- Develop appropriate protocol for nursery products identification/analysis.

#### Status Report:

The final grant project report is on file.

In April, 2002, eleven Washington and Oregon State nursery/landscape representatives traveled to Japan to promote their products. The outbound trade mission was a collaborative project of WSDA, Oregon Department of Agriculture, Washington State Nursery & Landscape Association and the Oregon State

**I. Agricultural Marketing and Promotion:**  
**Japanese Market Development Project:**  
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Nursery & Landscape Association. The trip included presentations to both government and private industry representatives including site visits to over 12 local nurseries. Industry representatives met with APHIS officials in Tokyo and as a result the development of a production media protocol for Japan will be completed later this year. The product information portfolio is currently under development and will be completed later this year. As a direct result of this trade mission, WSNLA reports \$40,000 in new sales to Japan.

The inbound trade mission is now completed. The NW US - Japan Plant Trading Network, under the direction of WSDA and the Oregon Department of Agriculture, brought in a Japanese nursery mission to the Pacific Northwest from August 21 – 28, 2003. Both orders and inquiries were taken during the mission. *\$13,235 in sales are documented to date for Washington and \$137,000 for Oregon nurseries.*

**Green Industry Marketing Project:**  
**Washington State Nursery & Landscape Association (WSNLA), \$27,223, Match: \$12,650.**

Washington State nursery and landscape products are the seventh largest agricultural “crop” in Washington State. However, the nursery business is not commonly recognized as an industry. As a result, public awareness of the “Green” industry’s contributions to the state economy is low. In 2000, the Board of Directors of WSNLA developed a broad based marketing campaign to build public understanding and support for the nursery and landscape industry. This project will enhance that campaign. This project will:

- Conduct a feasibility study to determine the profitability of a plant labeling system that will identify instate ornamental plant material;
- Develop an on-going support to the WSNLA marketing program with focus on press ready articles outlining the industry’s specific benefits;
- Develop and distribute a retail brochure;
- Develop a media event for the spring of 2003 to focus public attention on instate ornamental plant material; and,
- Expand the WSNLA website to include referral service to retail nurseries, garden centers, and links to relevant resources.

Status Report:

A final grant project report is on file.  
A feasibility study to determine plant labeling was

completed by three hundred growers and retail outlets. Survey results indicate a strong interest in a “Grown in Washington” type plant labeling effort. Industry developed a marketing plan for the development of the plant labeling effort. The marketing program is now in progress. Website development is completed with a new updated industry database added to the website. The domestic promotion effort was changed slightly addressing issues through the “Water for Life” program. 50,000 “Water for Life” have been distributed to date.

**Expansion of the Asian Market for Red Raspberries:**

**Washington Red Raspberry Commission, \$22,500, Match: \$27,500.**

The red raspberry industry has faced eight years of declining market prices. This economic crisis was precipitated by many factors including decreased sales and a reduction in new product development. For the past 2 years, growing consumer interest at Foodex Japan Trade Show in Chiba, Japan has indicated a trend in healthy food consumption by the Japanese. This project developed marketing strategies and promotional activities that focused on the Foodex Japan Trade Show.

Status Report:

A final grant project report is on file. The Washington Red Raspberry Commission developed marketing strategies and promotions focused on the Food-Ex Exhibition in Japan. Supported by the \$22,500 in Specialty Crop funds and by International Marketing’s contractor in Japan, the industry initiated a series of high profile activities. As a result, overall red raspberry sales to Japan increased \$350,000 over the previous years, with some companies reporting that one-week’s worth of sales topped their totals for last year. Had there been greater volume of supplies available, the industry estimates that an additional \$375,000 could have been sold.

**Reverse Trade Mission to promote Peas/Lentil in Food Aid Programs:**

**Washington Pea & Lentil Commission (WPLC), \$24,000, Match: \$6,000.**

Title II of Public Law 480 (PL 480) provides for the donation of US agricultural commodities by the US government to meet humanitarian food needs in foreign countries. The purchase of peas and lentils for the PL 480 program has become an important part of the pea and lentil export marketplace. In the crop year Sep. 2000-Aug 2001, PL 480 purchases for international food

aid represented 29% of the US lentil crop, and 24% of the US green pea crop. Since 1999, WPLC has achieved excellent results in Project Aid Siberia in conjunction with USA Dry Pea & Lentil Council. PL 480 purchases provide a level of support for pea and lentil prices that help to ensure the on-going economic health of the industry.

Status Report:

WPLC brought representatives of the major food aid organizations to visit growing and processing facilities in Washington state. Industry representatives provided technical support on nutrition, preparation, recipe development and media support.

In June 2003, a three-day meeting with PVO's, USAID, FAS-USDA and several of the Dry Pea & Lentil Council's regional representatives was held. With a weakening dollar, a greater demand for U.S. peas and lentils is anticipated. At the same time there will be more U.S. peas and lentils available in the near future due to new growing techniques in Washington and Idaho. Sales are greatly influenced by government and private food aid programs thus the marketing staff play a vital role in identifying commercial niches in major markets. Staff are investigating two possible market channels in China and South America.

**Promotion of Peas & Lentils as Food Aid Component**

**Washington Pea & Lentil Commission (WPLC), \$50,000, Match: \$110,000.**

Title II of Public Law 480 (PL 480) provides for the donation of US agricultural commodities by the US government to meet humanitarian food needs in foreign countries. The purchase of peas and lentils for the PL 480 program has become an important part of the pea and lentil export marketplace. In the crop year Sept. 2000-Aug. 2001, PL 480 purchases for international food aid represented 29% of the US lentil crop, and 24% of the US green pea crop. Since 1999, WPLC has achieved excellent results in Project Aid Siberia in conjunction with USA Dry Pea & Lentil Council. PL 480 purchases provide a level of support for pea and lentil prices that help to ensure the on-going economic health of the industry.

Status Report:

WPLC contracted with an outside consultant in the PVO field to develop a strategy for the development of sales to the food aid market. It

will assist in the design and distribution of promotional materials that will be used to educate the PVO headquarters' staff and PVO field distribution sites.

In February 2003, WPLC hosted a meeting in Washington D.C. attended by representatives of fifteen PVO's. The WPLC representative in S.E. Asia has met with PVO and government food aid organizations in Indonesia, Cambodia, the Philippines, and Vietnam. Field tests for pea-rice porridge product are commencing in Indonesia. WPLC representative for the Sub-Saharan region has scheduled a meeting with the World Food Program staff in Rome in April 2003. Both representatives also attended a conference in Nairobi, Kenya, in May 2003 sponsored by Land O'Lakes.

The current WPLC planning schedule will also host foreign representatives and local industry representatives at the WPLC food aid conference in. Industry reports \$ 23,172 of new sales to date from this project.

**Taste of Washington Program Expansion:**

**Washington Wine Commission (WWC), \$72,000, Match: \$216,000.**

The Washington wine industry has more than doubled its production over the past five years. Competing on a national and international level, the industry is being globally recognized for its world-class, premium wines. However, as the industry has grown, overall market share in the Puget Sound region has declined due to imported products from California, Europe, Australia, and South America. This project will:

- Conduct On Premise/Retail Promotions in restaurants, wine retail shops, and supermarkets;
- Augment and expand existing publicity efforts through the use of news releases, wine samples and media tours. WWC will host six leading US wine journalists on a four-day visit to Washington wine country to meet with leading winemakers and tour vineyards; and,
- Retain a market research firm to complete a study regarding awareness of Washington Wine availability, perceptions of quality and value, and purchase intention/behavior.

In 2003, the Contract was amended to include an additional \$7,000 for domestic promotion.

**I. Agricultural Marketing and Promotion:**

**Taste of Washington Program Expansion:**  
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Status Report:

A final grant project report is on file. Media outreach and presentation during the spring campaign has generated more than 6.2 million media impressions at an estimated advertising value of more than \$250,000. Four key wine opinion leaders to date have committed to future articles and wine promotions. In 2003, as a result of retail promotions like this project, Washington wine domestic market share has increased 19%-20%.

**Marketing Program in SE Asia:**

**Washington State Fruit Commission (WSFC), \$150,000, Match: \$370,000.**

Over the past 15 years, produce and consumer-oriented high-value foods have become the fastest growing sector in global agricultural trade. A growing middle class is demanding diet diversification and better quality, timesaving foods. This rapid growth, combined with new WTO agricultural reforms, offer considerable opportunities for Washington State agricultural exports. The tree fruit industry has already initiated export-marketing programs in China and Southeast Asia.

Under this agreement, WSFC will work with WSDA overseas representatives to coordinate resources of all appropriate agricultural commissions and other industry associations to implement a consumer oriented marketing program that will concentrate on cherries and will include other Washington State Agricultural export food products, when appropriate in China and Southeast Asia (Malaysia, Brunei, Singapore, Thailand and Vietnam).

Status Report:

We are receiving regular quarterly reports from the Washington Fruit Commission on grant activity. Results have been promising. The SE Asian markets are boasting cherry sales delivered value of \$3,100,000. China/Hong Kong sales were up 17.22% in 2002 despite the 30% decrease in cherry availability from the Northwest. Delivered sales value topped out at \$16,045,420 for the 352,410 cases shipped to the multiple ports of entry.”

**Quinault Pride Seafood Project:**

**Quinault Nation Enterprise Board (QNEB), \$40,000, Match: \$58,320.**

The Quinault Nation fishery enterprise has been crippled by domestic and international market conditions (prices paid to fishermen for premium sockeye in 2001 were 80% less than prices paid

in the 1980s). The QNEB has applied for federal economic fishery resource disaster relief to help the fishermen and operating plant survive. This project will implement the key marketing components of the Quinault Pride Seafood (QPS) Business/Marketing plan. In addition, these funds will serve the marketing interest of all Washington American Indian tribes through the increased awareness of wild, American Indian caught seafood.

Status Report:

A subcontractor has been hired to implement the key components of this project. Project materials have been designed and produced. Product promotions have been conducted in 70 stores. The Quinault Nation reports that QFC food store chain will be marketing the Quinault salmon exclusively for the fall runs of 2003.

**Japan Trade Mission and Hops Reception:**

**Hop Growers of America (HGA), \$6,000, Match: \$10,600.**

Washington State hops growers are facing severe economic problems due to worldwide oversupply and the strong US dollar. Japan is the world's 5<sup>th</sup> largest beer producer. Japanese breweries are introducing new beers and discounted prices on 'hopposhu' to attract consumers.

HGA hosted a reception at the USDA Agricultural Trade Office in Tokyo, Japan. The reception introduced the Governor of Washington State, the Director of WSDA and other dignitaries to representatives of the four largest breweries in Japan.

Status Report:

A final grant project report is on file. On July 26, 2002, HGA hosted a reception in Tokyo, Japan with brewery representatives and Governor Locke. As a result of this activity, industry reports an increase of 300 metric tons in exports. Hop growers estimate the sales resulting from the reception and subsequent communications with the brewers are worth \$700,000 to \$1,200,000 depending on market value at the time of shipment or 300 metric tons of Hops.

**Wild Salmon**

**Market Promotion and Branding:**

**Puget Sound Gillnet Salmon Commission (PSGSC), \$30,000, Match: \$7,300.**

Since July of 2000, pricing for farmed salmon filets imported from Chile has dropped by over

50%. Washington wild salmon products currently are not distinguished from the farm salmon imported from Chile. Wild salmon harvests in Washington State are increasing due to the efforts to restore salmon runs. Based on a survey and consensus of its membership, PSGSC developed a marketing plan in November of 1999. This project will help fund an existing effort.

Status Report:

A final grant project report is on file. Photographs have been taken that will be used in the promotion. Text and logo for brochures were completed in February 2003. Although new sales have not been reported to date, because of the increased awareness and enhanced profile the gillnet salmon fisheries was able to establish a new direct marketing agreement with the Fisherman Terminal in Seattle. It is anticipated that this agreement will be successful in establishing similar agreements with many of the Port Authorities statewide providing a vital new market.

**Cranberry Promotional Program:**

**Washington Cranberry Commission, \$25,000, Match: \$275,000.**

The Washington Cranberry Commission initiated a cranberry promotional program in collaboration with the Cranberry Institute. The focal point of the program is communication of emerging cranberry health science information through available channels affiliated with health professionals, opinion leaders, and trade and popular publications. In addition, the program seeks to increase consumer awareness through targeted articles to health oriented magazine and newspaper writers for year-round attention to cranberries. Washington is one of five states contributing to the effort, including Massachusetts (\$100,000), Wisconsin (\$100,000), New Jersey (\$50,000), and Oregon (\$25,000).

Status Report:

A final grant project report is on file. The Cranberry Institute, in collaboration with the Washington Cranberry Alliance, is utilizing the funds in a nationwide program to promote cranberries and their health effects. A press release was prepared and issued nationwide on the new information presented at 2 major health conferences last Spring (Experimental Biology Conference and American Chemical Society) by researchers exploring the health benefits of cranberries. The Cranberry Institute provided financial support for the "Produce for Better

Health" Media Luncheon for food and health writers held in New York City. A cranberry dish was served as part of the luncheon menu. Produce for Better Health foundation is affiliated with the 5-a-day program. A radio news release was created around a report in the Journal of the American Medical Association indicating that daily consumption of cranberry juice will help prevent urinary tract infections that have developed a resistance to antibiotics. The Cranberry Institute is planning an enhanced exhibit and information for the October Food and Nutrition Conference held annually by the American Dietetic Association.

**Hops Promotion – Russia:**

**Hop Growers of America (HGA), \$5,000, Match: \$10,600.**

Washington hop growers have tried for the past three years to penetrate the Russian market with few results. Currently, Washington hops comprises only 4% of the Russian market. In recent years, the Russian brewing industry has experienced phenomenal growth. This growth is projected to continue until the end of the decade.

HGA will host a reception for the four largest Russian breweries at the US Ambassador's residence in Moscow. This event will allow brewery representatives to meet in a less formal setting and because of the cooperation of FAS officials, will attract high-level management from the breweries. HGA has never attempted this kind of reception in Russia before. However, a similar activity proved very successful in 2002 with Japanese brewers.

Status Report:

On September 29, 2003 Hop Growers of America hosted a reception in Moscow, Russia. As a result, HGA will now have access to information from merchant's import statistics that will help to better evaluate promotional efforts. Sales figures are not yet available.

**Chipping Potatoes to Korea:**

**Washington State Potato Commission (WSPC), \$ 8,000, Match: \$13,125.**

This grant project focuses on gaining increased access to the South Korean market for Washington chipping potatoes. South Korea is the fourth largest trading partner with the US in terms of agricultural products. Exports of US potato products to Korea accounted for over \$13 million in 2001, of which about \$68,000 were

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**I. Agricultural Marketing and Promotion:**

**Chipping Potatoes to Korea:**

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fresh potatoes. The fresh market is limited by two factors: the quota structure and phytosanitary barriers. Currently, 17,138 MT of fresh potatoes can be exported to Korea under a 30 % tariff. Anything above the quota is subject to a 310 % tariff. Korean importers are not currently filling the quota. Because of phytosanitary concerns on disease, Washington State is one of the few states allowed to export potatoes to Korea.

During June 2001 Governor Locke trade mission to South Korea, WSPC representatives had the opportunity to speak with several snack food manufacturers regarding the potential use of Washington potato products. Currently, most of the fresh product being imported comes from Australia. The Korean industry faces some quality and availability issues. This equates to a supply shortfall in the early months of the year. The WSPC believes that there is great opportunity for chipping potato growers to increase exports to Korea

To take advantage of this opportunity, the WSPC organized a reverse trade mission of Korean snack food manufacturers/potato importers in February 2003. WSDA Director Valoria Loveland was asked to address the group; and Will Wise, Oregon Potato Commission, assisted in organizing a test shipment of chipping potatoes to Korea.

Status Report:

A final grant project report is on file. On February 24-28, the WSPC hosted a trade team from South Korea. The nine-member team consisted of representatives from the top four snack food manufacturers. The group spent four full days visiting chipping potato growers, a chip manufacturer, a French fry processor, a dehydrator, the Port of Seattle and the Governor's mansion. As a result of this visit and earlier groundwork, one of the snack food manufacturers purchased over 118 containers of chipping potatoes (5 million pounds) valued at \$375,000. Results for 2004 should be even higher.

**Columbia River Wine Expo, 2003:**

**Tri-City Industrial Development Council (TRIDEX), \$25,000, Match: \$72,500.**

This is a follow-up on a very successful project in 2002. The Columbia River Wine Expo is designed to sell Washington State wines to foreign markets. In the past, the industry has addressed the "foreign opportunity" primarily through activities sponsored by the larger individual wineries. For many of the smaller participating wineries this was a "new to market" activity. This year's event again focused on

selected Asian markets and the German speaking and Scandinavian countries of Europe.

Status Report:

A final grant project report is on file. In May, the Expo hosted 60 foreign buyers and journalist representing 21 countries. Industry reports \$1.1 million of new sales as a result of this activity.

**Distribution of Campaign Materials/ Development of a Website:**

**Puget Sound Gillnet Salmon Commission (PSGSC), \$ 7,800, Match: \$9,000.**

This project was designed to assist in implementation of key components of the strategies developed in the earlier promotion grant. This project proposed to:

- 1)Develop a web page, 2)Distribute press kits, 3)Develop fishermen harvest guidelines and agreements, and 4)Develop and place advertising in local newspapers during fishing season.

Status Report:

Marketing is in progress for 2003-2004 season.

**Washington State Family Farm Summit:**

**Wenatchee Valley College — Institute for Rural Innovation and Stewardship, \$7,750, Match: \$20,000.**

This project brought farmers and their families together with government officials, public agencies civic groups, agriculture organizations and others in a common forum. The summit had four declared objectives:

- To bring those who share a stake in family-based agriculture together in a common forum;
- To advance a common understanding of how the current farm crisis evolved;
- To develop a strategy for creating a vital future for family farming in Washington; and,
- To learn strategies being used by farmers to successfully weather difficult times.

Status Report:

Final grant project report is on file. The summit was held in October of 2003 and organized by the Institute for Rural Innovation and Stewardship (IRIS) at Wenatchee Valley College. It featured a number of national leaders and experts on the family farm crisis in Washington State. The conference was very well attended and supported.

## **Contract Trade Representatives Washington Trade Mission:**

**Washington State Fruit Commission, \$7,000.**

WSFC, in cooperation with WSDA, coordinated in state travel and business contacts for the purpose of educating growers and industry representatives regarding country specific trade needs. This project also provided the opportunity to introduce new representatives visiting Washington state from S.E. Asia, Japan, Taiwan and China.

### Status Report:

A final grant project report is on file. A two-day tour and meetings was conducted in May of 2003.

## **II. Trade Barrier & Market Access Grants.**

Washington is the most trade dependent state in the United States with one of every four jobs related to imports or exports. Agriculture is a key sector of that import and export activity.

Maintaining access to current markets, gaining access to new markets, and identifying and resolving trade barriers is critical to the economic well-being of Washington specialty crop agriculture. For those producers and processors who export, it is their source of direct revenue. For many of those who do not export, the quantity of others' product exported is very important to maintaining the domestic price structure. For these reasons, trade barrier and market access grants were identified as a priority use of specialty crop funding.

## **Harmonization of Chemical Residue Standards Between the European Union, Codex and the USA:**

**Washington Hops Commission,  
\$40,000, Match: \$60,000.**

Two of the most productive places to grow premium hops are Washington State and Bavaria. 60% of Washington's hops are exported around the world. German hops, in turn, are exported to the United States. This bilateral hop trade benefits growers, dealers and brewers on both sides of the Atlantic. However, Washington and German growers have different plant protection needs, and different chemicals are registered for use on hops in the US and Germany. These different registrations lead to trade disruptions.

This grant was instrumental in funding the first year of a three-year project, to ensure that chemicals used by Washington hop growers are

approved in the European Union (EU) and that the EU's maximum residue levels for hop chemicals are compatible with US standards. In addition, the scope of work included work with the US delegation to the Codex Alimentarius Commission, to insure the hop industry's priority chemicals receive an internationally harmonized residue level.

### Status Report:

A final grant project report is on file.

It takes many years for Codex to establish an internationally accepted residue level. In May 2002, the WHC contractor attended the Codex Committee on Pesticide Residues at The Hague. The WHC has been successful in identifying priority chemicals and has been able to obtain scheduling for two high priority chemicals on the Codex review calendar in 2003. The development of the on-line tracking system will allow all participants in this project to track the status of each chemical that is currently under development.

## **Study Trade Imbalance with China:**

**Washington Mint Commission (WMC),  
\$15,000, Match: \$10,000.**

Washington State ranks number one in spearmint oil and number two in peppermint oil production in the world. China's middle class is estimated to be over 200,000,000 and growing. Estimates in 2001 had the Chinese toothpaste demand increasing in excess of 15% per year. Currently, there is a 42% duty for US oil exported to China in contrast to the 0% duty on Chinese oil imported into the US

This project proposed to determine the feasibility of one of the following approaches: a reduction of import duties on mint oil going into China; an imposition of import duties on Chinese oil coming into the United States or an integrated approach that may include viable alternatives. This program developed an implementation strategy and cost analysis for each approach.

### Status Report:

Work was contracted with consultants in Beijing and Washington D.C. Final results show that reducing barriers for mint oil going into China appears to very difficult. A Value Added Tax of 17% will likely not be reduced. Avenues to protect U.S. mint producers from low priced Chinese Oil appear to be more abundant. However, cost to pursue such venues is very high and must be carefully weighed against the probability of realizing any benefit. A trip to China has been rescheduled for the 2004-2005.

**II. Trade Barrier & Market Access Grants:**

*Continued...*

**Analysis of the Canadian Bulk Easement System Related to the Ministerial Exemption Process:**

Washington State Potato Commission (WSPC), \$10,000, Match: \$10,000.

In order for Canadian importers, potato processors or fresh packers to import raw bulk potatoes, they are required to request a Ministerial Exemption from the Canadian Food Inspection Agency (CFIA). Under the Ministerial Exemption (also known as bulk easement) law, neighboring or adjacent provinces can block the exemption request if they can demonstrate to CFIA that they have local supplies to meet the demand. The elimination of bulk easements or ministerial exemptions would positively impact the exports of Washington State potatoes and other agricultural commodities.

Status Report:

A final grant project report is on file. WSPC contracted to conduct a full legal analysis of the Ministerial Exemption law. As a result of this project, WSPC will petition the Canadian Government to change its restrictions on potatoes imported from the USA to be consistent with the restrictions that it now imposes on all domestic shipments of potatoes. WSPC anticipates a three-prong approach that will include a political strategy, a legal complaint filed with the Canadian government, and/or a WTO complaint and petition. Bilateral talks began the first week of November 2003 at the joint Canada-U.S. Potato Committee meeting in Las Vegas.

**Continue Efforts to Open Market Access in Japan, China and Mexico:**

Washington State Potato Commission, \$25,000, Match: \$35,000.

Unfair and restrictive phytosanitary issues have proven to be the greatest impediment to opening many important markets. The review of a foreign country's phytosanitary issues is a lengthy process. In addition to considering legitimate scientific concerns, a range of political issues may enter into the equation. For the past three years, the WSPC has taken a lead role in the potato industry in fighting unjustified phytosanitary restrictions in Japan, China and Mexico.

WSPC, in cooperation with the National Potato Council, will ensure that market access for Washington State potatoes remains a top priority for US negotiators in their bilateral negotiations over the next year. These funds will allow additional participation in negotiations and will

provide research services to address market issues. As required, WSPC will host delegations of foreign officials to review the potato industry.

Status Report:

A final grant project report is on file.

Mexico

After difficult negotiations in December with the Mexican government, Washington State fresh potatoes may be able to be exported to Mexico. An MOU was signed between USDA Secretary Veneman and her Mexican counterpart in April. Draft protocol was submitted to Mexico in May and addendum was sent in June.

Japan

Market access to Japan for chipping potatoes was elevated to the level of a USDA Undersecretary, who spoke to the Japanese about problems in the existing relationship. In March, Japan officially rejected a US proposal for chipping potatoes and the US Trade Representative's office raised the issue during talks in Geneva at the WTO.

China.

In May 2003, bilateral technical trade talks were attended in China. WSPC took a leading role in having its congressional representation put pressure on the Chinese government to complete the required pest risk assessment. Unfortunately, the Chinese are linking progress on the pest risk assessment to progress on other issues with USDA. WSPC, through its contractor, is now preparing the necessary documents for anticipated Chinese concerns regarding fresh potatoes market access.

**Review of Anti-dumping Duties For Canadian Export:**

Washington State Potato Commission, \$15,000, Match: \$15,000

The Washington State Potato industry has faced legal impediments from anti-dumping duties in accessing the large and geographically advantageous market of British Columbia. The current data used by the Canadian Government to calculate anti-dumping duties does not account for the current cost of production and is substantially inflated. As a result, Washington State producers often pay dumping duties when they are, in fact, not dumping. It is critical that the potato industry continues its recovery through fair access to markets in which it has a competitive and geographic advantage.

Status Report:

A final grant project report is on file. WSPC contracted with Washington State University for a grower/packer cost of production study. The data was collected and corroborated for presentation to the administrative review process by Canadian Government officials. An international attorney has been retained to represent the Washington State potato producers in pursuing the market access issue.

**Administrative Review of Anti-dumping Duties of Chinese Concentrate Imports:**

Washington Apple Commission (WAC), \$25,000, Match: \$280,000.

The US Department of Commerce in May 2000 ruled that apple juice concentrate from the People's Republic of China was being sold at unfairly low prices in the US market. The resulting impositions of anti-dumping duties of up to 52 percent on Chinese concentrate imports led to a strong recovery in US apple concentrate prices.

Status Report:

WAC has amended its existing agreement with USApple to provide funding to the Coalition for Fair Apple-Juice Concentrate Trade (FACT) to represent the US apple industry's interests before the US Commerce Department throughout the administrative review process. Their representation and participation with the Department of Commerce's on going administrative review has been successful in defending the industry's interests. Final decisions are expected this fall.

**Pest Database Project:**

Washington Apple Commission (WAC), \$19,944, Match: \$10,756.

The Washington State apple industry maintains an aggressive effort to open new markets and to ensure that existing markets remain open. Increasingly the barriers prohibiting the export of Washington apples to foreign markets involve quarantine regulations. For this reason, state and federal authorities, to help answer pest and disease questions from foreign governments, often call upon the Washington State apple industry.

Status Report:

A final grant project report is on file. WAC worked closely with the Northwest Fruit Exporters (NFE) in the development of this project. WAC developed an internet platform in

an appropriate format that is consistent with apple quarantine and pest risk assessment information needed by US negotiators. WAC, in conjunction with industry support, provided ongoing and future management of this project. Access to this database can be made by www.bestapples.com then by clicking the link "core facts" then clicking the link "pesticides" and then "sanitary and phytosanitary database." The site will ask you for an access code which is "Washington" and then "apples".

**Development of Market Access Database for Domestic and International Markets:**

Washington Wine Commission (WWC), \$17,500, Match: \$27,500.

In 1999, over seventy five percent of the state's production of wine was sold out-of-state. State and local governments determine the rules and regulation that govern wine transport, distribution, and sale. Washington vintners face forty-nine different "export markets" by attempting to sell products beyond our borders. On the international level, each country has unique labeling laws, import regulations, duties, and regulatory agencies. The majority of Washington wineries are unfamiliar with these trade barriers and lack the necessary resources to research the intricacies of exporting to a diversified, prospective marketplace.

Status Report:

A final grant project report is on file. WWC contracted to design and build a database that is linked to the Washington Wine Commission's existing website. The database has provided the rules and regulations that govern the import of wine to all fifty states including information on local government agencies; companies involved in the process, and consumer demographics. The international portion of the database will target eight select markets and include information regarding the economy, import rules, geography, and consumer demographics. The database is now available through the WWC website.

**Duty-Free Access for Canned Pears from South Africa:**

Washington State Fruit Commission, \$20,000, Match: \$23,500.

On May 18, 2000, President Clinton signed into law the Trade and Development Act of 2000, which included the African Growth and Opportunity Act (AGOA). AGOA requires that

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## **II. Trade Barrier / Market Access**

### **Grants:**

**Duty-Free Access for Canned Pears from South Africa.**

*Continued...*

the President provide duty-free access to the US market to products from eligible sub-Saharan African countries, including South Africa. Because canned pears were granted duty-free access, the US normal trade relations (NTR) or MFN duty of 15.3% no longer applies. The loss of the 15.3% duty is estimated to equate to a reduction of \$2.00 to \$3.00 per case or about 15 percent of the US price. Research shows that Washington Bartlett pear growers producing for the canned pear market have experienced losses of \$9.4 million over the past three years.

The Washington State canned pear industry, in cooperation with the canned pear industry in Oregon and California, is undertaking to withdraw US duty-free access for canned pears from South Africa.

### **Status Report:**

A final grant report is on file.

As of October, the US government had not yet issued a ruling regarding the US canned pear industry's petition to alter the African Growth and Opportunity Act benefits for canned pears and, therefore, reinstate the 15.3 percent Normal Trade Relations duty. Industry continues their effort to successfully conclude this lengthy endeavor.

### **The Development of Preliminary Arrangements, Procedures and Protocol with Biosecurity Australia:**

**Washington State Fruit Commission (WSFC), \$20,000, Match: \$25,600.**

The sweet cherry industry of Washington State has identified improved access to Australia as its highest priority. Market access was initially gained in 2000. However, shipments are currently constrained because the Australian government has required all cherries to be fumigated with methyl bromide at a temperature schedule different from Japan. Because it is difficult to fumigate cherries for the two destinations it has created a situation that is costly and prohibitive. The harmonization of the two protocols would dramatically impact the cherry export market.

### **Status Report:**

A final grant project report is on file.

WSFC contracted with a phytosanitary issues specialist in Australia who is familiar with Australia's access regulations. The contractor acted as liaison between Biosecurity Australia (BA), USDA Animal and Plant Health Inspection Service (APHIS) and the Industry to coordinate this initiative. These funds also allowed for travel

to Australia to make preliminary arrangements and procedures with APHIS and BA to evaluate test shipments made to Australia at equivalent specification to those used in Japan.

The industry shipped cherries that had undergone the Japanese-approved fumigation process to Australia, worked with the Australian government and APHIS, and ultimately gained Australian agreement to harmonize its fumigation schedule with Japan's. As a result of this project industry reports \$ 650,000 of new sales.

### **Database for Diseases & Pests on Deciduous Tree Fruit:**

**Northwest Horticultural Council/WSDA Lab Services, \$35,000, Match: \$18,500.**

Phytosanitary barriers play an increasingly prominent role in interrupting existing access and preventing entry to markets around the world. When working to maintain access to existing markets or to gain access to a new market, USDA's Animal and Plant Health Inspection Service, their state cooperators and industry are asked to determine insect and disease pests known to be associated with the specific commodity as part of a pest risk assessment. Compilation of a pest list is one of the first steps in preparing that assessment. This project is a cooperative effort of WSDA and the Northwest Horticulture Council, Pear Bureau Northwest, Washington State Fruit Commission and Washington Apple Commission.

### **Status Report:**

Completion of this project has been delayed. The staff person hired to perform this contract is currently being replaced. Due to the departure of a key staff person the Pest Program has reassigned responsibilities. The current contract period has been extended through June 30, 2004.

### **Investigation of IQF Raspberries from Chile:**

**Washington Red Raspberry Commission, \$50,000, Match: \$360,000.**

The Washington Raspberry Commission asked for support in addressing the issue of Individually Quick Frozen (IQF) raspberries imported from Chile. Washington produces approximately 90% of the domestic production of red raspberries. There appeared to be strong evidence that Chilean penetration of the US market has been accomplished by illegal dumping of IQF raspberries on the US market at below the cost of production. From 1998 to 2000, imports of Chilean IQF raspberries increased by 122%. These are traditionally the most profitable berries on the market.

The result on prices was dramatic. In 1999 growers received \$0.66 per pound. In 2000, that was down to \$0.31. Commerce initiated an investigation pursuant to a petition filed on May 31, 2001. The Washington Red Raspberry Commission retained a law firm to represent the US Raspberry industry. The Department of Agriculture provided \$50,000 to the Red Raspberry Commission to support the anti-dumping action.

Status Report:

A final grant project report is on file.

On December 21, 2001, the US Department of Commerce (DOC) released the preliminary results of the anti-dumping duty investigation of imports of individually quick frozen (IQF) red raspberries from Chile. Commerce preliminarily determined that imports were being dumped, *i.e.*, sold in the US market at less than fair value. On May 16, 2002, the Department of Commerce announced its final determinations. The investigation found only one producer/exporter has sold its product below fair value. The investigation, found that the three largest exporters of raspberries from Chile did not receive countervailable subsidies during the period of investigations. The investigations were terminated.

**Honey from China and Argentina:**  
South Dakota Department of Agriculture  
(American Honey Producers), \$10,000,  
Match: \$10,000.

Domestic honey producers were threatened by a flood of dumped imports from China in the early 1990's. The producers prosecuted an anti-dumping duty case against China in 1994-95. At that time, the Commerce Department initially ruled that tens of millions of pounds of Chinese honey were being sold in this country at prices well under half the cost of production. Instead of imposing dumping duties against Chinese honey imports, Commerce negotiated a suspension agreement with the Chinese Government. For three years, Commerce's suspension agreement with China worked well, and the price the domestic producers were able to get for their product in this country increased dramatically. In 1999, Argentina significantly increased its honey exports into this country, which in turn allowed the Chinese, under the suspension agreement, to lower their prices to levels below those that existed when the dumping case was filed in 1994. The combined, extremely low-priced honey imports from Argentina and China in 1999 and 2000 flooded the US market, making it virtually impossible for the domestic producers to sell into our market any honey from the last two years' crop.

The economic survival of beekeepers is critical to Washington specialty crop producers who require pollinators. The obvious examples are apples, other tree fruits, seed crops and berries. With this concern, we supplied \$10,000 from specialty crop funds to match \$10,000 from the Apiary Fund through the South Dakota Department of Agriculture to assist the American Honey Producers in pursuing their anti-dumping case.

Status Report:

Project completed. The American Honey Producers, with the assistance from WSDA and several other states, including South Dakota, successfully pursued a honey anti-dumping claim against China and Argentina with the International Trade Commission. For Washington beekeepers, that appears to have made a significant difference in the price received for their honey. As a result of the action, honey prices for our beekeepers were approximately 150% of the pre-action level.

**EU Certification for  
Organic Food Products:**

Washington State Department of Agriculture – Organic Program, \$26,753, Match: \$20,000. Organic products sold in the European Union (EU) must be in compliance with European organic standards. In July 2002, The United Kingdom Register of Organic Food Standards (UKROFS) the regulatory body that monitors all organic food products imported and exported announced that they would be revoking import authorizations for organic food products certified by U.S. certification agencies. In addition, Sainbury's, a major UK retailer, has announced that all organic products carried in their stores. Will need to be certified by IFOAM accredited certifiers in 2003. Sainbury's organic sales represent an estimated 27% of the UK organic market. These announcements jeopardize a \$10 million dollar market for the Washington agricultural industry and have sent many exporters of organic product into a panic.

Status Report:

The in depth application for IFOAM accreditation was completed in mid-June. The International Organic Accreditation Service (IOAS) reported the receipt of WSDA Organic Food Program's application for IFOAM accreditation on June 2003.

On September 18, 2003 the International Organic Accreditation Service responded to

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## **II. Trade Barrier / Market Access**

### **Grants:**

EU Certification for Organic Food Products.

*Continued...*

WSDA's IFOAM application with the first piece of their document screening report. The second component of the screening report was sent to WSDA in mid-October. This report will evaluate the WSDA Organic Food Program against the IFOAM Basic Standards and will complete the document screening portion of the application for IFOAM accreditation. WSDA Organic Food Program will be reviewing the report and providing any necessary clarification to the International Organic Accreditation Service during the next few months. An evaluation visit is tentatively scheduled for March 2004.

## **III. Food Production / Processing Research Grants.**

Three projects were more focused directly on food production or processing research than directly on marketing or trade barriers. In selecting these, we looked at the potential for economic return from the information for producers and processors as the main criteria for funding.

### **Value-Added European Style Fruit Juice Product:**

**Wenatchee Valley College Foundation/ Institute for Rural Innovation and Stewardship (IRIS), \$10,000, Match: \$75,000 .** The purpose of this project is to determine the feasibility of producing and marketing a value-added, European-style fruit juice product. Research will include the quantity of raw product for juice production; acreage and site of fruit producers; likely fruit varieties; harvest and production forecast for 5-10 years; marketing demand; and successful growers in the region who could participate in the long-term juice market. If feasible, the juice plant is expected to site in Okanogan County, one of the state's most economically depressed regions.

#### Status Report:

Project Grant Report on file. The feasibility study has been completed and the final report has been delivered to the funding agencies, Community Trade and Economic Development and Department of Agriculture. The study results are very favorable to the development of the European Style juice plant(s). Initial projections for Okanogan County alone are \$10,000,000 in yearly revenue and 400 jobs. With the favorable report, plans were made towards commercialization. Lovitt Farms, a new venture formed by Lovitt Mining, Blue Bird, Inc., and employees of the Oneonta Trading Corp., plans to market the natural fruit ciders made only from domestically grown fruit. The company,

which is renovating an old Lovitt Mining fruit storage warehouse south of Wenatchee, plans to make apple, cherry, pear and blended ciders. In April, 2003, we had the Grand Opening of the mill which is producing and selling the juice.

### **Research on Labor Saving Technology in the Processing of Asparagus:**

**Washington State Asparagus Commission (WSAC), \$50,000, Match: \$50,000.**

A US trade policy initiated in 1991, known as the Andean Trade Preference Act (ATPA), has put Washington asparagus growers at a competitive disadvantage. The ATPA has allowed fresh and processed asparagus from Peru to enter the US duty-free since 1993. As a result, imports from Peru have increased from 8 million pounds in 1993 to 59 million pounds in the year 2000. The labor wage rate in Peru is \$5.00 per day compared to \$6.72 per hour in Washington State. Washington state growers are at a competitive disadvantage to the extent that the future of the industry is in jeopardy.

WSAC will subcontract to provide research on labor saving technology in all aspects of the harvest, packing and processing of asparagus. WSAC will coordinate this project with existing research done by WSU and industry representatives. In addition, WSAC has conducted a trade mission to Peru to conduct market research and develop business relationships with Peruvian business, government and asparagus industry representatives.

#### Status Report:

This project evaluated potential cost saving technology in two areas of the processing and packing of asparagus. WSAC contracted to complete this work. The contract was amended in September to include a trade mission to Peru that was conducted on September 28. The Peruvian Asparagus Institute is now considering a joint-marketing effort with the Asparagus Commission. The effort will initially start by marketing fried asparagus in ten U.S. baseball stadiums. During the 2003 season the WSAC organized the fried-asparagus idea. As a result industry could not supply enough of the product to Safeco Field during the May-June period. The idea was so successful that the baseball franchises want to expand the idea for the whole season; hence the joining of forces between Peru and Washington State. The result will be an expanded domestic market for Washington grown asparagus.

## **Glutathione Concentration Study:**

### **The Washington**

#### **Asparagus Commission, \$20,000.**

Glutathione (GSH) is a ubiquitous endogenous antioxidant, which plays a pivotal role in protecting tissues against the degenerating effects of oxidative damage. A better understanding of the bio-availability of glutathione may provide a key to increasing the consumption of asparagus among health conscious consumers. The Asparagus Glutathione Bioavailability Project, under the direction of Despina Komninou, M.D., Ph.D of the American Health Foundation, studied asparagus glutathione (GSH) concentration as a potentially effective means of enhancing GI tracking systems and preventing cancer development. This study is a systematic approach to examine the effect of asparagus GSH on specific target tissues, such as oral cavity and colonic epithelium.

#### Status Report:

A final grant project report is on file.

The study (1) determined the levels of GSH at the different parts of asparagus (root, stalk and leafy part) from different batches; (2) that GSH in asparagus is predominantly in the reduced form (about 90%) i.e. the low levels of bound GSH in fresh asparagus indicate that this vegetable is not only a good source of reduced GSH, but also a whole food with minimal oxidative burden; and (3) that fresh refrigerated asparagus heads is the best source of reduced GSH i.e. that it is reduced significantly by long storage, freezing and canning. The initial results are not promising. The results indicated there was no difference in GSH levels from those of baseline, before and after asparagus feeding (150 mg of fresh asparagus heads) in oral and colonic mucosa cells tested.

## **IV. Matching Funds for Minor Crop Research**

The Washington State Commission on Pesticide Registration (WSCPR) is provided an appropriation by the Legislature to fund research on pest control, both chemical and non-chemical. To receive funding, the applicant groups are required to provide matching funds. Many of the specialty crop producers do not have commissions or other organizations with the necessary resources to provide the required match. For minor crops, those not in the top twenty by farmgate value, we allocated \$150,000 to assist in providing some or all of the needed matching funds. That \$150,000 helped leverage projects totaling \$615,649.

## **Matching Funds for Minor Crop Research:**

### **The Washington State Commission on Pesticide Registration (WSCPR), \$150,000, Match: \$465,649.**

WSCPR will manage and disperse funds to minor crop commodity groups requesting assistance from WSCPR in support of pest management research development projects. Funds provided by this grant shall be used to provide the required matching funds needed to make other funds available for minor crop research projects. The awards would be based on merit, need, and likelihood of the project resulting in increased net returns to the grower within the next three to four years. WSCPR shall be the sole evaluator of project merit and shall determine the amount of matching funding provided.

#### Status Report

A final grant project report is on file.

Matching funding assisted 24 projects with a total cost of \$615,649.

## **V. Small Farms and Direct Marketing Program Grants**

The purpose of the Small Farm Direct Marketing Grants Program is to enhance direct sales for small farms in Washington State, to enhance the infrastructure necessary to bring Washington farm products to market, and to develop new markets for small-scale farms in Washington State.

## **“Experience the Market and Meet the Producers” Marketing Campaign Package:**

### **Bellingham Farmers Market, \$10,900, Match: \$11,400.**

The 2002 season marks the tenth anniversary of the Bellingham Farmers Market (BFM). This market, which is dedicated to small farm vendors, can accommodate between 50 and 55 stalls each week. This grant developed and implemented a comprehensive marketing, advertising, and media relations campaign to increase customer use of the BFM in the 2002 season, and increase sales revenue for farm vendors. BFM showcased local farm vendors in print, local media, and at the market. Also, Bellingham Farmers Market developed a pre-packaged marketing package to be used by other farmers markets in Washington to increase customer participation in local markets. This package includes press releases, public service announcements, farm profile

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**V. Small Farms and Direct Marketing Program Grants:**  
"Experience the Market and Meet the Producers" Marketing Campaign Package.  
*Continued...*

templates, and descriptions of special events and promotions that increase customer visits to local farmers markets and increase sales for participating farms.

**Status Report:**

A final grant project report is on file. This project was very successful. The "Experience the Market and Meet the Producers" campaign has proven to be successful for the Bellingham Farmers Market in their first season and as a result generated over \$500,000 in annual sales for market vendors. Because of the advertising and promotional campaign, market revenue increased \$80,879 over last year's revenue, making this the second highest sales year since the opening of the market. Farm vendors at the market increased their sales by \$48,527, 9% on average. The "Experience the Market and Meet the Producers" campaign package will be made available for use by other Farmers Markets in Washington state that are members of the Washington State Farmers Market Association (WSFMA), and will be distributed through the WFSMA.

**Puget Sound Fresh:**

**Cascade Harvest Coalition (CHC), \$17,000, Match: \$137,160.**

Puget Sound Fresh is a local "branding" campaign that works to improve the economic viability of local farms by encouraging consumers to buy locally produced foods direct from farms to increase their economic viability. The project identifies all products grown, raised or harvested within one of the twelve counties that border Puget Sound. The impact of the project has increased each year since 1988, with the growth of participation levels of farmers markets and retailer support.

This grant funds the expansion of Puget Sound Fresh marketing efforts from King County into additional counties in the region. The grant will produce an informational brochure, bus ads and public service announcements promoting local foods and farms, and provide farms and farmers markets with promotional materials to directly market their products as "Puget Sound Fresh". This project increases economic viability of farms in Washington by encouraging local consumers to buy directly from farms in the area. This grant will increase farm sales in the region through consumer education and marketing focused on purchasing foods directly from local producers.

**Status Report:**

Because of this grant, CHC has increased county, farmer and retail outlet participation to 5 counties including King, Skagit, Snohomish, Pierce and Kitsap counties, and has leveraged 8 times the amount of this grant from local counties to participate in the program. Puget Sound Fresh has distributed 20,000 informational brochures to consumers, run 41 bus ads to promote local farms and educate consumers on how to purchase locally produced foods directly from farms, retail outlets and farmers markets. CHC will attend public festivals in Seattle to provide outreach to consumers regarding locally produced foods.

**Washington FarmLink:**

**Cascade Harvest Coalition(CHC), \$17,125, Match: \$48,470.**

The Washington FarmLink program was created in 1999 to address barriers that farmers face in keeping their land in agricultural production because of development pressures from urban areas, and to offer technical assistance and training for farmers in direct marketing strategies. Farms utilizing direct marketing strategies are able to charge a higher price for their products and retain a higher percent of the retail dollar for their products. The King County and Snohomish County originally provided staff support to develop the program. In March 2002, the administration of the FarmLink program transitioned to the Cascade Harvest Coalition. The intent of the transition was to provide greater opportunities for program participation throughout the state and increase funding opportunities from local and state governments, foundations, and citizens.

This project funded FarmLink outreach efforts about their farmland program, conducting workshops on cooperative development and other farm marketing/business issues, and provided outreach to Washington farmers about technical assistance available through federal, state, local and private agencies for farm production and marketing.

**Status Report:**

Grant Project final report on file. Through grant funding, Cascade Harvest Coalition was able to increase farm profitability for new and continuing farmers in Western Washington. The coalition was able to provide assistance to a total of 532 individual farmers, a 50% increase from 2001-2002. FarmLink made three land links, provided one-on-one mentoring to 180 new farmers, and hosted five workshops/

tours to 208 farmers/ranchers. Existing farmers incorporated direct marketing practices into their operation, new farmers have been able to obtain business licenses, and farmers ventured into value added cheese production and greenhouse production, to make their businesses more profitable.

### **Commercial Kitchen Installation at Burlington Farmers Market:**

**City of Burlington, \$9,000, Match: \$3,300.**

The City of Burlington Farmers Market (BFM) is in its third year of operation. In their second year the BFM doubled the first year's income to its farm and craft vendors. To increase farmer vendor sales further, BFM would like to increase local restaurants and stores interest in fresh local farm products through baking and cooking local foods at the Market, featuring local farm products, and allowing farms to process their specialty crops at the kitchen and sell their value-added products at the market. Selling processed products diversifies the products offered at the market, and increases the customer base of the market.

For this project, BFM will expand and remodel a commercial kitchen at the market, and provide outreach and training to specialty crop producers interested in using the facility. This project will allow producers to process their products and gain higher prices for their products.

#### Status Report:

A final grant project report is on file.

The City of Burlington successfully installed kitchen equipment at the commercial kitchen, and has started outreach geared for kitchen users. Over a dozen community members have utilized the kitchen since July 2002, and products sold at market were prepared for cooking demonstrations, providing samples to customers at the market six times over the season. Outreach to specialty crop producers will be conducted this winter and farmers who utilize the kitchen will gain access to two new markets in the city and be able to sell their products year round.

### **Farmers Market Development and Promotion of a New Market Location:**

**Friends of the Woodinville Farmers Market, \$23,000, Match: \$203,000.**

The Woodinville Farmers Market was first opened in 1994 in a temporary location on property owned by the City of Woodinville. Since its

inception, the market has seen a 15% increase in sales, number of vendors, and customers each year, showing definite consumer interest in purchasing foods from local farmers at markets. FWFM is committed to the development of a permanent, multi-day market and expanding the public's interest and use of locally grown products and specialty crops.

This project will relocate the Woodinville Farmers Market to a parcel currently owned by King County, and provide farm vendors increased access to water and cooling facilities which allows them to maintain value of their products, and sell foods that must be refrigerated at market, such as eggs, cheese and meats. New facilities will provide space for at least 39 farms and will allow farms to sell their products to a large urban population that has high demand for fresh local foods. In addition, FWFM will promote the use of locally grown foods and specialty crops at the Market through signage at the market and within the city, as well as promoting the market in local print advertising. These activities will increase farm vendor sales by an additional 15%, and provide them opportunities to produce value added products and retain a higher price for their crops.

#### Status Report:

This project has contributed to a project supported by the City of Woodinville and King County, and leveraged over \$200,000 to complete the project. Work to coordinate the movement of the WFM will begin this winter, and results for the project will be available in June 2004.

### **"From Grape to Glass" Wine and Winery Promotional Campaign:**

**Klickitat Wine Alliance (KWA), \$10,000, Match: \$45,450.**

The KWA was formed in 2000 by nineteen small farm grape growers and vintners, to create a common mission and cooperative work environment to develop brand recognition for the Klickitat wine-growing region. This effort coincides with the expansion of the wine industry statewide and provides a new agricultural industry in an economically depressed region of the state.

Under this grant project, KWA developed promotional materials for the Klickitat wine-growing region to promote the wines and wineries in which they are produced. Winery tours were hosted and a "harvest festival" was held to attract tourists to area wineries. This project assists the

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**V. Small Farms and Direct Marketing Program Grants:**

**“From Grape to Glass” Wine and Winery Promotional Campaign.**

*Continued...*

alliance to increase agricultural tourism in the county, and increase winery sales for all vintners in the region. Cultural and ecological tourism are the two fastest growing sectors in tourism, of which agricultural tourism is included. This project allows specialty crop producers to take advantage of that movement and increase economic vitality of Washington specialty crop producers.

Status Report:

KWA hosted a “harvest festival” in August 2002, which guided visitors to wineries in the area. This festival increased weekend sales and visitor numbers to area wineries by 100-300% for all participating wineries. Promotional materials and brochures have been placed in over 100 area hotels, restaurants and wineries in the state, and have increased visitor traffic and self guided tours to the region. KWA opened up a booth at the Mt. Adams farmers market, which generated interest for the wineries and their wines. *Grant activities doubled direct sales at wineries from 2001 to 2002, totaling \$1,094,000.* In addition, visitor traffic increased at wineries, bringing more than 87,000 visitors to the wine country in Klickitat County.

**USDA Inspected Mobile Livestock Processing Unit:**

**Lopez Island Community Land Trust, \$30,00, Match: \$120,700.**

The Mobile Processing Unit (MPU) Prototype Development Project was initiated in June of 2001 and construction and outfitting of the prototype MPU was completed in January 2002. At that time, the USDA Food Safety and Inspection Service approved the MPU for use and issued a Grant of Inspection to the Island Grown Farmers Cooperative to operate as a federal meat processing facility. The MPU and meat processing facility were created to allow small meat producers to sell their meat by the pound to consumers and niche markets, an economically viable alternative to the existing live auction market or wholesale meat processing industry. Livestock producers who are able to utilize the MPU and processing facility are able to receive \$2300 per steer when their meat is direct marketed, versus \$700 per steer when sold at live auction, thus allowing producers to gain higher value from their products.

This grant project funds the Lopez Island Community Land Trust to attain food safety certification, train cooperative members in the use of HACCP plans and the specific operating

procedures required for the MPU. The land trust will also conduct outreach about the MPU and direct marketing of meats across the state to other interested livestock producers.

Status Report:

A final grant project report is on file. The MPU is fully operational and has received a Grant of Inspection from USDA. More than 30 livestock producers have utilized the MPU to process their animals in San Juan, Skagit, Whatcom and Island Counties, generating over \$130,000 in sales to farmers. At full utilization, the unit is expected to generate \$1.2 million for participating livestock producers, which is twice the amount, received for animals through live auctions.

A floor plan of the fully operational unit is available from WSDA Small Farm and Direct Marketing Program for other producer groups to use as a model for their own MPUs.

**“Marketing in the Methow”:  
Expanding Local Market Share for Methow Valley Farmers:**

**Partnership for a Sustainable Methow, \$19,971, Match: \$8,435.**

Partnership for a Sustainable Methow (PSM) is a non-profit, sustainable development organization located in the Methow Valley of Okanogan County. Small farmers are an active and important part of the Methow Valley community, and increased market presence and promotion to tourists in the valley could substantially increase market opportunities for area farmers.

Through the grant project, PSM will increase sales, market recognition and market share for Methow Valley farms and their specialty crops through increased marketing and agricultural tourism and promotion activities. Activities include a “buy local” campaign with promotions in regional print and radio media, as well as developing promotional brochures and a local farm guide. To enhance agricultural tourism in the area, the project will fund a Lavender Fest, Harvest Festival, Community Dinner, and Farm Tours to increase sales for participating farms. According to the Washington State Office of Trade and Economic Development, cultural and ecological tourism (including agricultural tourism) are the two fastest growing sectors in the tourism industry today. This project allows specialty crop producers to take advantage of that movement and improve their economic vitality.

Status Report:

PSM printed 1500 regional farm guides, available at all local hotels, retail stores and visitor destinations in the area including farmers markets. PSM hosted the first Lavender Fest in the region, resulting in over 200 visitors to regional farms. PSM hosted additional “buy local” activities in 2003, and to accommodate this the contract was extended until April 2004.

**Wednesday Evening Market:  
Expansion and Promotion for the  
Port Angeles Farmers Market:**

Port Angeles Farmers Market, \$15,000,  
Match: \$2,160.

The Port Angeles Farmers Market (PAFM) opened in 2001 to promote local agriculture, produce and crafts. PAFM creators worked with the local WSU Extension Office, city and county governments, and the Washington State Farmers Market Association to open the market. In 2001, the PAFM generated revenues exceeding \$85,000 to local growers and producers. The market currently supports approximately 80 vendors and provides multiple educational organizations the opportunity to deliver information about public service issues and topics.

For this grant project, PAFM will develop and implement a comprehensive marketing and advertising campaign that will increase the overall use of the market, and open the market for an evening market on Wednesdays, to increase vendor sales through additional customer visits to the market. This campaign will increase sales revenue for all farm vendors in the market, and increase community awareness of the PAFM and what local producers have available at the market.

Status Report:

A final grant project report is on file.

Through the purchase of signage and equipment, and the opening of a new “Wednesday Market” overall sales at the market increased 62% in 2002 and increased an additional 103% in January-May 2003. Sales for participating farms more than doubled in 2002. In addition, farm sales increased by 125% in January-May 2003 when compared to sales from the same time period in 2002. The grant increased overall visitor counts by 161% from 2002 to 2003, and integrated the PAFM into the local governmental and business community.

**Spokane Farmers Market  
Promotion**

Spokane Neighborhood Action Program  
(SNAP), \$13,500, Match: \$39,604.

The Spokane Farmers Market (SFM) opened in 1999, with twenty-six farmers participating. By 2001, vendor participation increased to forty vendor booths. By providing a venue for farm direct marketing, the SFM also has achieved significant progress in building local partnerships with organizations, such as the Spokane Community Nutrition Program. The goal and mission of the SFM membership is to support working farms through direct marketing opportunities and linking food producers and processing sectors to community development, economic opportunity, and environmental enhancement. SNAP will work in partnership with SFM to promote the market and increase economic viability of regional farms.

Through this grant, SNAP will increase sales, market recognition and market share for regional farms and their produce through increased marketing, promotion activities, and market site improvements.

Status Report:

In the first season of the grant, SNAP and SFM purchased two new pop-up canopies, new signage, and broadened local advertising to promote the farmers market. One event funded by the grant was the promotion of SFM during the Washington “Farmers Market Week” in August 10-17, 2002. This promotional week resulted in increased sales of 65% for all farm vendors over the same time period the previous month.

**Community Kitchen Project:  
Developing Local Processing and  
Distribution Options for  
Agricultural Products in North  
Eastern Washington:**

Tri County Economic Development District  
(TEDD), \$20,400, Match: \$23,300.

In 2000, a group of community members met with WSU Cooperative Extension Faculty to explore the option of establishing a shared-use community kitchen in Stevens County. In partnership with WSU, TEDD has agreed to lease a commercial kitchen facility to WSU to create and support the development of processing and distribution options for agricultural producers in Northeast Washington, a traditionally economically depressed region of Washington.

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**V. Small Farms and Direct Marketing Program Grants:: Community Kitchen Project: Developing Local Processing and Distribution Options for Agricultural Products in North Eastern Washington.**  
*Continued...*

This grant project proposed to fund TEDD and WSU to implement a marketing plan, design operating procedures and manage the operation of a shared-use commercial kitchen. In addition, this project developed resources for agricultural entrepreneurs in Stevens County to assist in the development of products, markets, and distribution channels. This commercial kitchen will allow Northeastern Washington producers to add value to their products, gain higher prices for them, and sell them year long instead of only at the time of harvest

Status Report:

In October 2002, the commercial kitchen opened for use and outreach to agricultural producers has begun. Outreach and training of agricultural producers took place in 2003. Nine producers are entering into conversations with Rural Resources, an organization that prepares senior meals for seniors in Stevens County to source locally produced foods for their meals. Rural Resources utilizes the community kitchen to prepare all of their senior meals, and farms will be able to deliver direct to the kitchen.

**Mobile Poultry Processing Unit: Developing Local Processing and Distribution Options for Agricultural Producers:**

**WSU Community Agricultural Development Center (CADC), \$29,570, Match: \$17,048.**

Because of the low capital investment needed and the potential for high returns to farmers by marketing to niche markets in Washington, WSU CADC recognizes the interest in direct marketing livestock and poultry for small producers. Poultry represents realistic options for small and medium size farms to achieve profitability in farming and contribute to a locally based community food system. In 2001, WSU Cooperative Extension in Stevens County began to explore poultry slaughtering and processing options for local growers.

For this grant project, CADC will develop; design and implement a WSDA licensed mobile poultry processing unit and operation procedure. This unit will allow local producers to raise, butcher and market fresh poultry directly to consumers, and allow them to capture full market value for their product. CADC will assist local growers in using the mobile unit and how to process and package their birds. It will also aid growers in the development of marketing and distribution options for their businesses.

Status Report:

A final grant project report is on file. The CADC has been able to build the first state licensed mobile poultry-processing unit in Washington. Currently, the unit is authorized to process 20,000 birds/year. The unit, which cost \$27,000 in equipment and hardware, will generate between \$160,000-\$180,000 gross sales/year for participating producers.

Producers statewide are very interested in the unit, for their own use or to replicate the unit for their operations. CADC has trained five producers to use the unit to date, and will offer trainings to interested producers annually. In addition to building the unit, CADC trained 14 farmers in Northeast Washington in pastured poultry production, a value added approach to raising poultry as a strategy to operating a profitable farming business.

CADC has developed a training manual for interested farmers, and information on how to build additional Mobile Poultry Processing Units can be obtained by contacting Kelli Sanger at WSDA, [ksanger@agr.wa.gov](mailto:ksanger@agr.wa.gov).

**Farm to College Pilot Project:**

**Cascade Harvest Coalition, \$27,050, Match: \$17,510.**

Institutional sales are an emerging market for small farms across the United States. Several institutions across the country are successfully serving foods sourced directly from farms, with positive response from their customers. Institutional sales provide increased revenue for farms and return a higher percentage of the food dollar back to farms than conventional markets. The University of Washington Food Service has indicated interest in purchasing directly from Washington producers, and showcasing fresh foods in their cafeteria as a way to revitalize their food services operation. However, because of their size, the University of Washington food services cannot purchase directly from individual farms. They need to purchase a variety of products from one vendor, and pay from one invoice. Cascade Harvest Coalition (CHC) has agreed to develop such a system to create a working relationship between the University of Washington and participating small farms.

With this grant, CHC will coordinate the ordering and delivery of fresh foods from small Washington farms to the University of Washington Food Services. CHC will also

facilitate farm and food service tours for all participating chefs and farmers to educate each group about one another and further future relationships.

This project is expected to generate more than \$40,000 in increased farm revenue this year, and CHC and participating growers are committed to continue this project in the future. Outreach about the project and its financial feasibility will be provided to interested groups across the state.

Status Report:

Results from this project will be available February 2004.

**Direct Sales Program for Northwest Livestock Farmers:**

**Island Grown Farmers Cooperative, \$7,000, Match: \$9,970.**

The Island Grown Farmers Cooperative (IGFC) was formed in the 1990's and operates a USDA Mobile Processing Unit (MPU) and a USDA certified cut and wrap facility. Cooperative members are able to direct market their grass-fed and organically grown meats by the pound, making a steer that would be sold for \$700 at live auction worth \$2300 when sold by the pound directly to the consumer. Consumer demand for grass-fed and sustainably produced meats is high. The cooperative needs a retail outlet to market their meats and provide consumers with the meats they desire.

With this project, IGFC proposed to determine the feasibility of cooperative direct retail meat sales and determine how best to meet the consumer demand for grass-fed and sustainable produced meats. They created a business plan for the cooperative's direct sales program, and produced a new value-added sausage product. This project allowed the cooperative to grow in its marketing abilities, and expand market opportunities and sales for members into the future.

Status Report:

A final grant project report is on file. IGFC determined that a retail market for natural and grass fed beef will be a profitable enterprise, providing an estimated return of \$15,000 directly to producers in 2003, with the capacity to return more than \$408,000 to cooperative members at full capacity. According to a marketing study conducted in Spring 2003, the "natural and grass fed" beef market in Skagit, San Juan and Whatcom Counties is approximately \$500,000

lbs per year. A value added sausage product was successfully developed and received USDA certification, allowing cooperative members to capture 116% more value for lower value beef cuts.

**Magnolia Farmers Market:**

**Neighborhood Farmers Market Alliance, \$16,000, Match: \$22,065.**

The Neighborhood Farmers Market Alliance (NFMA) operates four existing Farmers Markets in the Seattle Area. These markets are very successful for Eastern and Western Washington small farmers, generating just over \$2.54 million dollars in 2002 for 115 participating Washington farms. These markets are four of the most successful in the state, and NFMA hopes to replicate their success with future markets to bring additional revenue to Washington's small farms.

For this project, NFMA will open and operate a new farmers market in the Magnolia Neighborhood of Seattle, Washington. This market will provide direct sale opportunities for up to thirty farms, and is expected to generate approximately \$120,000 for participating farms in its first season. This project provides start up funds for the market which, in future years, will sustain itself and generate additional revenue for small farms for years to come.

Status Report:

Results from this project will be available in 2004.

**Friday Market at the Public Market on the Willapa:**

**Willapa Community Development Association, \$11,500, Match: \$6,820.**

The Public Market on the Willapa (PMW) was formed in 1992. Since its formation, the market has grown and now features over 30 craft and produce vendors. However, the market currently experiences low customer volumes, and is open for long periods of time, making conditions unfavorable for vendors.

The PMW, along with a group of broad interest collaborators including the Willapa Community Development Association, plan to improve the market by developing a Friday evening market.

Grant funds will be used to purchase necessary refrigerated equipment for fresh seafood sales, promote the market to local residents and visitors,

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**V. Small Farms and Direct Marketing Program Grants::**  
**Friday Market at the Public Market on the Willapa.**

*Continued...*

recruit fisherman and shellfish growers to the market, and develop point of sale materials to expand consumer knowledge of the Public Market on the Willapa and increase customer traffic at the market.

Status Report:

Sales for small farm vendors are projected to increase from \$17,000 in 2002 to \$30,000 in 2003 and small shellfish growers and fisherman are projected to generate approximately \$15,000 in new sales at the "Friday Market" in its first year. In addition, the project will generate increased income for fish and farm vendors in the years to follow.

Results from this project will be available February 2004.

**Broadening the Canopies;  
Strengthening the Roots: Farmers  
Market Marketing and  
Improvement Campaign:**

**Jefferson County Farmers Market Association,  
\$20,000, Match: \$23,285.**

The Jefferson County Farmers Market Association (JCFMA) was formed in 1992, and operates a Saturday farmers market May to October in Port Townsend, Washington. The JCFMA strives to provide a viable income for small farms and businesses in Washington, and to inspire others to take part in small-scale sustainable agriculture. The farmers market is growing, and vendor sales in 2002 increased 80% over 2001 sales (\$101,000).

To continue positive economic growth for the market and farm vendors, the JCFMA will conduct a marketing campaign for the market, conduct business training for vendors, and increase the number of farm vendors at the market that sell meat, peppers, stone fruit, and cheese products. In addition, they will partner with the City of Port Townsend to develop a permanent market site with water and electric connection.

Status Report:

The grant funded marketing and advertising campaign has been a great success for the JCFMA, *increasing total sales by 63% to \$300,000 in the 2003 market season.* Family farms selling at the market increased their farm sales by 77% to total \$166,000 in direct sales. The grant has been a success for JCFMA in 2003 and final results will be available in April 2004.

**Reaping the Harvest-  
The Branding and Direct Marketing of  
Green Bluff and its Growers:**

**Spokane Regional Convention & Visitors Bureau,  
\$15,000, Match: \$40,900.**

The Spokane Regional Convention & Visitors Bureau is partnering with The Greenbluff Growers Association to increase profitability, livability and economic viability of the Green Bluff agricultural community in Spokane County by promoting the community as a destination for agricultural products, activities and events.

Funding will provide for directional and promotional signage for the region, and increase visitors' knowledge of Greenbluff as a destination for family based activities, and agricultural tourism.

Status Report:

Results are due in February 2004.

**Safe Handling of Fresh Meat at  
Farmers Markets:**

**Washington State University, \$13,930, Match:  
\$8,776.**

Currently, farms are not allowed to sell fresh meat in many farmers markets in Washington, due to the risk of food borne illnesses that may be associated with temperature abuse and/or inadequate temperature controls at the market. However, the demand from the consumers for fresh meat products at farmers markets is high.

Some farm vendors are able to sell fresh meat at markets by utilizing mechanical refrigeration equipment in their stalls at market; however, most farmers markets do not have adequate mechanical refrigeration equipment or space availability to accommodate this equipment for meat vendors.

In 2001, faculty at WSU conducted tests simulating the use of commercially available ice chests to maintain frozen meat under conditions found at farmers markets. This information was then used by Seattle King County Health Department to develop regulations that permit the sale of frozen meat in farmers markets in King County.

With this grant project, WSU faculty will conduct similar tests for fresh meat products, and utilize the results of these tests to develop regulations and/or guidelines to permit the sale of safe fresh meat products at farmers markets in Washington.

In addition, WSU faculty will provide training for farms and farmers market food vendors on handling fresh meat at farmers markets, basic food safety practices and “Good Agricultural Practices” in order to further minimize the food borne illness risk associated with the sale of fresh meat and other food products sold at farmers markets statewide.

Status Report:

Farmers markets that allow the sale of fresh meat as a result of this study will report the sales made in the 2003 season, and results will be included in the final report of the project.

Results from this project will be available February 2004.

**King County Senior Market Basket Community Supported Agriculture:**

**Pike Place Market Preservation and Development Authority, \$20,000, \$70,400.**

Pike Place Market Preservation and Development Authority (PPM) administers The Senior Market Basket Community Supported Agriculture (CSA). The Senior Market Basket CSA is an innovative pilot project that provides expanded access to a new market for small farmers in Washington State while enhancing access to fresh fruits and vegetables for low-income seniors. The Senior Market Basket CSA delivers weekly bags of fresh produce sourced from local Washington farmers to qualifying seniors in King County. This collaborative CSA model sources foods from many farmers across the state, allowing them to receive the economic benefits of a large CSA.

Pike Place Market is interested in expanding the program to increase the benefits of the program for participating farmers and low-income seniors. However, the program is unable to grow because of transportation, storage and refrigeration limitations for produce storage and delivery.

This project will purchase a refrigerated van in order to expand the program in 2003 and beyond. In 2003, PPM expects to increase revenue for Washington small farms by approximately \$65,000, and by an additional \$120,000 in 2004.

Status Report:

Results from this project will be available February 2004.

**Whatcom Fresh:**

**Whatcom County Agriculture Preservation Commit \$11,750, Match: \$15,800.**

The Whatcom County Agriculture Preservation Committee (WCAPC) is a non profit agricultural organization interested in preserving agriculture in Whatcom County. Promoting products from a region ensures economic viability of area farms, thus helping to preserve agricultural businesses and land in the area. The “Whatcom Fresh” program was created in July 2001, to promote local farms and their products in retail grocery stores, restaurants, and farmers markets. Last year, twenty-five producers participated in the program, and twenty additional producers have indicated interest in participating this year.

Funding for this project will support the expansion of the “Whatcom Fresh” marketing campaign, and coordinate activities with the statewide “From the Heart of Washington” marketing campaign. Also, the project will create a “how-to” manual describing how to increase retailer and restaurant participation, and detail grass roots organizing skills for successful “Buy Local” campaigns.

Status Report:

A final grant project report is on file.

Through increased advertising, promotion and point of sale materials at local farmers markets and retail stores, the Whatcom Fresh program returned \$347,879 in direct sales to local farmers. The Whatcom Fresh Program helped to gain accounts for local farms to sell direct to four independent retailers (11 stores) in Whatcom County. The Whatcom Fresh program increased community awareness of locally produced foods in Whatcom County, and produced a direct sales farms map as a way for farmers to connect directly with customers, and increasing local community members awareness of local farms through hosting the annual “Whatcom County Harvest Festival”. By working in conjunction with the “From the Heart of Washington” campaign, Whatcom Fresh increased exposure of both labels, and increased retailer participation in displaying signage in their produce departments to identify Washington grown products.

**The Farmers Market Step-Manual:**

**WSDA Small Farm and Direct Marketing Program (SFDM), \$14,000, Match: \$5,000.**

There is incredible need in the direct marketing industry for a primary and comprehensive technical assistance manual. Farmers markets are being created at record rates in Washington, and

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**V. Small Farms and Direct Marketing Program Grants::**  
**The Farmers Market Step-Manual.**  
*Continued...*

markets are searching for ways to maintain and improve their organizations. Market membership in the Washington State Farmers Market Association jumped from 75 markets in 2002, to 84 markets in 2003. Combined sales for small farms at farmers markets during 2002 were \$18 million.

The SFDM will research and develop a Farmers Market Step Manual, which will provide a step-by-step guide to *creating* a farmers market in WA State. Additionally, it would provide comprehensive information on *improving* existing farmers markets. SFDM will publish and distribute 1000 copies of the manual in coordination with the Washington State Farmers Market Association and other relevant agencies. The Step-Manual will be distributed to market managers, market boards, extension agents, and other parties interested in starting and maintaining successful farmers markets. The WSU Small Farms Program and the Washington State Farmers Market Association will provide outreach about the handbook, and technical assistance for starting and existing farmers markets.

Status Report:

Small farms and Direct Marketing is determining whether to produce the manual internally or to contract.

**Small Farms and Direct Marketing Program Coordinator – Project Position:**

Washington State Department of Agriculture – Small Farms and Direct Marketing Program, \$50,000, Match: \$20,000.

The Washington State Department of Agriculture established a Small farms and Direct Marketing Program with a \$150,000 biennial appropriation. The intent of the program is to increase the economic viability of small producers in the state by removing barriers and facilitating marketing. These producers are overwhelmingly producers of specialty crops – fruits and vegetables for local markets.

To help “jump start” this program, we allocated \$500,000 for grants and projects for farmers markets and other projects to assist small producers and marketers. With the increased activity, the Small Farms and Direct Marketing Advisory Committee recommended that a portion of the allocation be reserved for a project staff person to ensure that grants and other projects were effectively and efficiently administered.

Status Report:

The Coordinator has been hired and been responsible for:

- On-going management of first round of grant contracts and preparation of round two;
- Conducting Institutional Sales Outreach at approximately 10 events;
- Planning for a forum on small scale poultry producers to learn about current regulations and to discuss barriers;
- Directly assisting 50 plus customers with information on Institutional Sales and other direct marketing inquiries; and,
- Assisting with other program activities.

**VI. Direct Relief to Red Raspberry Growers.**

Washington is the largest US producer of red raspberries, growing over 83% of the US production, and the 19<sup>th</sup> most valuable crop in Washington in 2001 by farmgate value. In part because of the influx of Individually Quick Frozen (IQF) Raspberries from Chile, in 2001 the industry was in serious economic trouble. From 1998 to 2000, imports of Chilean IQF raspberries increased by 122%. These are traditionally the most profitable berries on the market. The result of the influx of Chilean berries has been a disastrous decline in domestic prices. According to the Washington Red Raspberry Commission, in 1999 growers received \$0.66 per pound. In 2000, that was down to \$0.31. The red raspberry growers worked with the congressional delegation to try to get direct relief. This was not appropriated. As a onetime direct assistance to red raspberry producers to assist the industry in remaining viable, we allocated approximately \$3,000,000 to be distributed to commercial producers based on their volume of production.

**Direct Relief to Red Raspberry Growers:**

Washington

Red Raspberry Growers, \$2,904,283.

Red raspberries are an important specialty crop in Western Washington. Because of the dire financial condition of the industry in 2001, approximately \$3,000,00 was allocated for onetime direct relief payments to red raspberry growers. The program provided direct relief to 153 Washington red raspberry growers based on a pay out of \$.045 per pound for 2000 production with a maximum payment of \$125,000 for any one grower. (Median pay out was approximately \$10,000.) To be eligible for a portion of the grant

funds, a grower must have produced 6,000 or more pounds of red raspberries in 2000 based on assessments paid to the Red Raspberry Commission.

Status Report:

Project completed. All funds have been distributed to qualified growers.

**VII. Water Storage, Utilization, and Preservation.**

The availability of water is critical to Washington specialty crop agriculture. The issues around that availability are very complex and contentious involving questions of water quantity, water quality, and needs of threatened and endangered salmonids under the Endangered Species Act.

Water storage is focused on providing off stream storage of significant volumes of water for agriculture and municipalities and to preserve instream flows for fish. No significant new storage has been built since the 1930's. The lack of storage became particularly evident during the drought of 2001. Water availability is particularly critical to the Yakima Valley which is one of the most productive and diverse specialty crop production areas in the state. The two projects that appeared to offer the most hope are Pine Hollow on Ahtanum Creek and the Black Rock Project. Both require multiple assessments to determine ultimate feasibility.

Resolving issues around ESA is also critical to help ensure long-term availability of water. Several funded projects center around the Pilot Comprehensive Irrigation District Management Plan (Sequim-Dungeness, Walla Walla, and Whatcom) which are trying to develop a locally driven, voluntary system that brings together agriculture, environmentalists, tribes and regulators to resolve the issues on a watershed basis.

Other projects are focused on providing technical assistance and evaluating the scientific information on the requirements for riparian buffers in agricultural environments.

**Pilot Comprehensive Irrigation District Management Plan (CIDMP) for the Sequim-Dungeness Valley Water Users:**

**The Sequim-Dungeness Valley Agricultural Water Users Association & the Agnew Irrigation District, \$54,000.**

A pilot CIDMP will be prepared by the Water Users Association (WUA) and the Irrigation

District following the 10 steps laid out in the new Guidelines for Preparation of CIDMPs issued in May 2001. WSDA and the Washington State Water Resources Association will use the pilot project to evaluate the CIDMP process while providing advice and guidance in the preparation of the pilot. Work will establish the framework for planning, complete an inventory of the WUA's facilities, operations and needs, and initiate a review of the impacts of the WUA's facilities and operations on water quality and listed species.

Status Report:

The WUA in collaboration with qualified consultants has completed a draft plan, which is currently under review. The AIG has begun discussions to complete compliance agreements with the federal fish agencies and the Department of Ecology related to Endangered Species and Clean Water Act compliance.

**Ahtanum Creek Watershed Assessment:**

**The Ahtanum Irrigation District, \$375,000.**

As part of the Pine Hollow Reservoir assessment, the District will conduct an instream flow and habitat analysis for the Ahtanum Creek Watershed. Portions of the watershed run dry each summer, negatively impacting aquatic and riparian habitat, including that of Spring Chinook and threatened Steelhead and Bull Trout. This project will provide a basis for analyzing specific project proposals to address fisheries resources; water quality (including temperature), impacts to stream channels, impact to groundwater recharge, riparian habitat, flood and erosion control, and irrigated agriculture. The Pine Hollow Reservoir Project will be analyzed and data collected will provide baseline data used to develop preferred and alternative projects.

Status Report:

The project core group was established and they're currently working on refining roles and responsibilities. A Request for Proposal (RFP) was advertised and the project consultant was selected. The consultant contract was finalized and work implemented. File report is due June of 2004.

*Continued...*

**VII. Water Storage, Utilization, and Preservation:**  
*Continued...*

**Black Rock Reservoir Site Investigation:**

**Benton County, \$500,000.**

As part of the Black Rock Reservoir Reconnaissance Study, the County will perform an initial site investigation to explore the potential geotechnical and geologic fatal flaws of the project. The investigation will accomplish the following objectives:

- Collection and evaluation of existing geologic and geotechnical information;
- Geologic mapping of the dam site and reservoir area;
- Geologic reconnaissance of potential conveyance routes; and,
- Characterizing the subsurface condition at the dam site by direct investigation with test pits and borings.

This phase will identify the uncertainties associated with 1) the reservoir and its ability to hold water, 2) the conveyance route and its likely technical challenges, and 3) the opportunity to locate the necessary materials of construction. The results of this phase and an understanding of those uncertainties will provide a basis for planning the next phases.

Status Report:

A final grant project report is on file. The final version of the Black Rock Reservoir Reconnaissance Study was published June of 2002. The report identifies the proposed reservoir, as a viable alternative for meeting water storage and water management needs in the Yakima Basin. It is generally accepted that Black Rock provides the best opportunity for multi-use storage to meet existing needs and provides capacity for municipal growth without sacrificing the needs of fish or farmers.

**Water Resource Technical Assistance:**

**US Dept. of the Interior, Bureau of Reclamation, \$375,000.**

As watershed planning processes intensify and complex interrelated water resource issues emerge, a need for technical assistance continues to grow. The Bureau will provide assistance to state and local entities in addressing water resource issues, potentially in the following areas:

- Review/perform hydrologic analyses to quantify available water supplies at potential sites;
- Assist in developing potential reservoir

operations (storage);

- Perform operational model runs with BOR's hydrologic model(s) to determine if proposed benefits are obtainable;
- Review/develop cost estimates for construction;
- Review/develop estimates of annual operation and maintenance costs;
- Review/develop estimated value of benefits provided by the proposed action;
- Enable the development of alternative solutions and water management strategies;
- Provide an evaluation process for the decision makers; and,
- Assist in developing a budget and time line for implementation.

Status Report:

The Bureau of Reclamation offered technical assistance to three different entities; Benton County, Tri-County Water Resource Agency (TCWRA), and South Columbia Basin Irrigation District (SCBID). This project is near completion.

For Benton County and TCWRA, planning model runs were developed from the operations model created for Reclamation's Yakima Field Office. This operations model was developed with the software program RiverWare. The operations model uses the Rulebased Simulation features of RiverWare. RiverWare uses a network and ruleset for Rulebased Simulation.

The Yakima Basin Operations Model network simulates the Yakima River System from the basin's headwaters to Yakima River at Parker (PARW) at a daily timestep. The Yakima Basin Operations Model ruleset was developed to operate the basin as described in chapter 5 of the Interim Operating Plan. The planning model was configured to simulate the period from November 1, 1989 to October 31, 1996.

**Agricultural Buffer Science Review:**

**The Washington Hop Commission, \$200,000.**

Provided funding to assist the agricultural industries' involvement with the State of Washington and federal agencies in understanding and determining how natural ecosystem processes, under managed conditions, can best be used to protect and enhance salmonid stream ecosystems, while allowing viable farming to continue. The information derived from the first and second phase of this project should help achieve a meaningful, sound, scientifically defensible program of voluntary landowner participation in the state's salmon activities.

Status Report:

Project completed. The project consultant team has completed its report and reviewed comments. From those comments additional information and analysis is being completed.

**NPDES Engineering Report:**

**The Washington State Water Resources Association (WSWRA), \$50,000.**

Funding was provided to the WSWRA to contract for the development of an engineering report necessary to support a National Pollution Discharge Elimination System (NPDES) and state Water Discharge General Permit to be issued by the Washington State Department of Ecology for use of aquatic herbicides in irrigation facilities for the purpose of aquatic weed control.

Status Report:

A final grant project report is on file.  
A final engineering report is complete and being reviewed by the Department of Ecology.

**Pilot Comprehensive Irrigation District Management Plan (CIDMP):**

**The Whatcom County Ag Preservation Committee (APC) and The Whatcom Conservation District, \$200,000, Match: \$50,000.**

A pilot CIDMP will be prepared by the APC and the Conservation District following the 10 steps laid out in the new Guidelines for Preparation of CIDMPs issued in May 2001. WSDA and the Washington State Water Resources Association will use the pilot project to evaluate the CIDMP process while providing advice and guidance in the preparation of the pilot. Work will establish the framework for planning, inventorying irrigation facilities, operations, and needs of landowners within selected sub-basin(s) of Whatcom County, and reviewing the impacts of irrigation facilities and operations on water quality and listed species.

Status Report:

The consultant team completed initial work on organizing the Bertrand Sub-Basin and gathered data for completion of assessment. Work will begin on finalizing the data assessment. A working draft plan is expected in August of 2004.

**Methow Valley Conjunctive Use & River Enhancement Concept:**

**Chewuch Basin Council (CBC), \$50,000.**

Under this agreement, CBC in collaboration with a qualified consultant will develop a pilot project that will demonstrate the feasibility of using the

Conjunctive Use and River Enhancement (CURE) concept for river enhancement in the Methow valley. A preliminary estimate of the potential yield effects of groundwater extraction on the groundwater flow system and the river will be evaluated.

Funding has been provided for task 3 of the scope of work, which will install and complete one test well and several monitoring wells. Field water quality parameters will be monitored throughout the test. A water quality sample will be collected at the end of the test and analyzed for major ions, metals, and nutrients.

Status Report:

Work has begun on this project and data is being gathered for evaluation

**Economic Model/Decision Making Tool for Riparian Buffers – Stillaguamish Watershed:**

**Snohomish Conservation District, \$31,425.**

This project will develop economic models or decision-making tools that landowners can use to select and establish voluntary riparian buffers while at the same time ensuring that their farms remain viable. The economic models are based on the Stillaguamish Watershed's (WRIA 5) farm budgets and long-term land values for each of the major commercial farm sectors in the watershed (i.e. dairy, livestock, row crops, and plant nurseries). Once these tools are developed they will be disseminated to agricultural landowners and policy makers through extensive and on-going outreach.

While this project will focus specifically on the Stillaguamish Watershed, the economic tools developed in this project will be readily adaptable to other agricultural watersheds in western Washington with similar habitat and water quality issues. Because of its adaptability, this project, and the kind of results it can produce, will provide valuable information for the agricultural policy discussions (i.e., Agriculture, Fish, & Water process) currently underway at the state level.

Status Report:

The work has been completed for the model and currently the model is being tested.

**VII. Water Storage, Utilization, and Preservation:**

*Continued...*

**Comprehensive Irrigation District Management Plan (CIDMP) Evaluation Tool:**

Whatcom Conservation District (WCD), \$15,000.

WSDA participated with others in the creation of the “Guidelines for the Preparation of Comprehensive Irrigation District Management Plans” (CIDMP). This CIDMP is an innovative effort to provide guidance to irrigation districts and other water users for the development of conservation and water quality management plans that meet the requirements of both the federal Endangered Species Act and the Clean Water Act while providing for the continued viability of the irrigation district and its water users.

Three CIDMP pilot projects have begun in the Dungeness River Basin, the Walla Walla River Basin, and the Nooksack River Basin. The WSDA will provide funding to WCD, who will contract for the services of a consultant, to complete an initial Phase 1 evaluation of the three pilot projects in light of the goals and process outlined in the CIDMP guidelines document:

Status Report:

The evaluation was completed in cooperation with all pertinent parties. Final evaluation has been submitted and currently is under review.

**VIII. Citrus Longhorned Beetle**

Citrus Longhorned Beetle (CLHB), a close relative of the Asian Longhorned Beetle, was detected in Washington in August 2001. The pest, considered, one of the worst non-native pests to ever enter the United States, was detected in Bonsai trees from Korea and escaped into the environment in Tukwila, WA. It attacks healthy trees - more than 40 varieties of hardwood and fruit trees - and has no known natural enemies in the United States. CLHB presents a very serious threat to Western Washington commercial fruit production and to the nursery industry in the state, as well as causing serious damage to residential landscapes and the environment. The Specialty Crop funding provided funding for initial response for detection and eradication, while additional funding was pursued. It also provided funds for environmental mitigation on private properties within the 1/8 mile radius tree removal zone.

**Citrus Longhorned Beetle - Eradication Project:**

Washington State Department of Agriculture (WSDA), \$250,000.

Citrus Longhorned Beetle (CLHB), a close relative of the Asian Longhorned Beetle, was detected in Washington in August 2001. The pest, considered, one of the worst non-native pests to ever enter the United States, was detected in Bonsai trees from Korea and escaped into the environment in Tukwila, WA. It attacks healthy trees - more than 40 varieties of hardwood and fruit trees - and has no known natural enemies in the United States. CLHB presents a very serious threat to Western Washington commercial fruit production and to the nursery industry in the state as well as causing serious damage to residential landscapes and the environment. A grant of \$250,000 was provided for immediate survey and detection work and for planning for eradication efforts while additional state and federal funds were sought.

Status Report:

Project completed. Project continues with state and USDA APHIS resources. WSDA has undertaken an aggressive eradication program. Following the recommendations of a scientific advisory panel, WSDA instituted a quarantine one-half mile around the site where three CLHB beetles were captured and five others escaped. The plant quarantine took effect in late November 2001 and is expected to remain in place for a number of years. Other tactics, under the panel’s guidelines, included tree removal (cutting trees to destroy CLHB larvae), tree injection with an insecticide to protect uninfested trees, and tree surveying to look for evidence of egg laying, twig, and branch damage, and the beetle itself.

Tree removal, the only proven way for killing CLHB larvae in trees, took place during July and early August, 2002. About 1,000 trees within a one-eight mile radius of the CLHB beetle escape site in Tukwila were cut and chipped. About 1,500 trees were injected in early August along the outer edge of the tree-cutting area. Tree inspections will be performed to control the spread of the pest. An initial survey of trees from the ground and in the canopy took place last fall, and resumes again from September through November 2002.

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## **Citrus Longhorned Beetle — Environmental Mitigation:**

Washington State Department of Agriculture  
(WSDA), \$100,000.

Removal of 1000+ trees in a 1/8 mile radius in the Tukwila greenbelt area created significant environmental and aesthetic issues. To mitigate the environmental effects of tree removal in the CLHB quarantine area, WSDA has paired up with the Washington State Nursery and Landscape Association to help residents replace trees that have been removed. Eligible property owners, whose trees were removed, have received vouchers – coupons valued at \$50 or \$200 each.

### Status Report:

In order to provide the opportunity for landowners to restore properties, residents may apply vouchers to purchase trees, shrubs or other plants not known to be host vegetation for the CLHB over the next five year period. Vouchers have been distributed and a small number have been redeemed. The program appears to be going well. The total of coupons redeemed will not be known until the end of the five year period.

As of September, 2003, a total of 107 vouchers have been redeemed (22 at \$50 and 85 at \$200.) for a total of \$18,100.

## **IX. Homeland Security**

Homeland Security as it impacts the safety of the food supply from farm to table is a major concern of all aspects of the Washington agricultural industry. The diversity of our production and processing creates a number of areas of vulnerability. Assessing those vulnerabilities and enhancing our ability to respond to terrorist acts both for the safety of the public and the confidence of the public in the safety of the food supply caused us to allocate a portion of the specialty crop grant for that assessment and planning.

### **Homeland Security Assessment and Planning:**

Washington State Department of Agriculture  
(WSDA), \$80,000.

The funding will be used to provide a project staff person to work with the agency and the industry to provide addition risk assessment and Homeland Security Planning both to meet needs identified internally and through interaction with USDA and the Department of Homeland Security.

### Status Report:

We are in process of staff selection.