

*Katy Coba hopes agriculture will at least maintain its standing despite tough economy*

## **ODA Director sees challenges and opportunities in 2009**

**December 31, 2008...** Agriculture is not immune from the ill effects of a troubled US economy, but the director of the Oregon Department of Agriculture remains optimistic that the industry can weather the storm in 2009. Katy Coba, beginning her seventh year as ODA director, sees the new year as one of challenges and opportunities for Oregon’s diverse and dynamic agriculture industry.

“Certainly, things are different from a year ago, but I feel good about agriculture going into 2009,” says Coba. “So much has happened with the economy, and it does affect agriculture– nationally and in Oregon. Sitting in this chair a year from now, I hope to say that the industry was able to hold its own during these challenging times and is in position to take advantage of an economic rebound.”

One of the factors in Coba’s optimism is the demand side of economics. Consumers still want and need agricultural products, even in tough times.

“When consumers cut back, they may pick and choose which products they purchase, but they still need to buy food,” says Coba. “There are segments within the industry that will be more affected than others by the drop in consumer spending. But overall, I still feel good about Oregonians’ interest and support for agriculture, and for wanting to buy local when they can.”

Increased interest in local agriculture is a trend that ODA’s director expects to continue in 2009. She believes that local support will play a strong role in helping Oregon’s economy recover.

The impact of the nation’s economic crisis on farmers and ranchers may have come a bit later compared to other industries. But heading into 2009, access to money might become more difficult.

“Early in 2008, agricultural producers were not experiencing a tightening of credit, but we are starting to see that a little more,” says Coba. “It is a huge issue. When you harvest a crop once a year, you normally get paid just once. That income has to carry you through the year. Hopefully, with the nation’s continued focus on the economy and the recognition that credit needs to be available to all sectors, the situation will improve.”

A key challenge for US and Oregon agriculture in 2009 is the export market, which had hit a record high in sales earlier in 2008. Global demand for products has dropped and the value of the US dollar has risen, making American agricultural products more expensive for foreign consumers to purchase. In Oregon, 80 percent of what is produced agriculturally leaves the state with 40 percent going to international markets. Any drop in US exports has a large impact on a state like Oregon.

“Markets for Oregon are a three-legged stool,’ says Coba. “We have the local, the domestic, and the international market. Opportunities to sell locally continue to expand and we see more mainstream

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stores wanting to emphasize local foods. On the international side, Oregon will be very active in China, where I believe there continues to be an opportunity for our agriculture. Our market niche will still focus on the high-end, affluent consumers of southern China. Those consumers are still making money and remain interested in high quality products. If we can open doors to more Oregon agricultural products, that will be good.”

Environmental issues also loom large for Oregon agriculture in 2009.

“We need to continue taking advantage of environmental opportunities and the contributions that Oregon farmers and ranchers provide to our natural resources,” says Coba. “Conservation easements, working lands, improvements in water quality, planting vegetation in riparian areas— all these kinds of activities will continue to take place. Programs that provide financial incentives for producers will help as well.”

Climate change and renewable energy will continue to be dominant issues in the new year with a focus on reducing greenhouse gases and becoming less dependent on foreign oil. Developing new energy sources will largely depend on agriculture’s participation.

“Whether it is growing the crop for biofuels, putting up wind turbines, or developing solar and geothermal power, agriculture will definitely continue playing a role in the renewable energy arena,” says Coba. “The good news is we seem to be working through the debate of food versus fuel. Prices are moderating for soy beans, corn, and other grains, and that should ease the concern of whether farmers should grow food or whether they should grow crops for fuel. The true focus for the future should be food *and* fuel. We need to be able to grow products to eat and to use for renewable energy.”

Specific commodities to watch in Oregon this coming year include a couple of the state’s largest.

“The nursery industry has been Oregon’s leading sector for years, but given what has gone on in 2008 with the economy and housing in particular, our producers are being impacted,” says Coba. “It’s too early to tell how the industry will react, but I would hate to see a dramatic drop-off in sales. We also need to keep an eye on beef and dairy cattle. There have been significant challenges regarding input costs and feed prices.”

Coba has faith in Oregon agricultural producers to adapt to 2009’s economic conditions.

“Our farmers and ranchers are very creative and innovative,” she says. “They constantly watch the cost side of their operations and look at ways to reduce those costs. They are also ready to take advantage of new market opportunities. They may shift cropping patterns, get involved with renewable energy, or take advantage of the buy local interest. It never ceases to amaze me how producers respond to challenges.”

With a new Farm Bill to be implemented, a new administration in the White House, and a new Secretary of Agriculture slated for 2009, Oregon agriculture will watch closely to see what new opportunities might unfold in marketing and the environment. At the very least, ODA’s Coba is hoping the industry can hold tight and ride out the current economic storm. Any gains for the industry in 2009 will be a bonus.

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