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WASHINGTON AGRIBUSINESS

STATUS AND OUTLOOK

An annual report by Washington State University's School of Economic Sciences

2026

Washington Agribusiness:
Status and Outlook
2026

Contents

PREFACE

WASHINGTON Agribusiness: Status and Outlook is an annual publication prepared by Washington State University faculty in the School of Economic Sciences, with support from colleagues at the University of Washington, Oregon State University, and the University of Idaho. It is intended to be a concise overview of Washington's current and near-term agricultural activity. The publication is broken into two primary sections. Section I reviews the status of various sub-sectors in agriculture and provides short-term projections or areas of focus moving forward. Section II provides specialty research focused on 1) transportation outlook and 2) implications of tariffs for comparative advantage, trade deficits, and prices. Section III provides Washington farm income statistics. A version of this report will be available online through the School of Economic Sciences. Feedback on this issue and suggestions for future featured articles are welcome. Specific questions regarding focus areas in the report should be directed to the managing editors who will work with the primary authors to provide responses.

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SECTION I. STATUS AND OUTLOOK

Situation and Outlook for Small Grains

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U.S. producers' net farm income recovered a bit in 2025, totaling $179.8 billion.[1] This exceeds net farm income in both 2023 and 2024 but is still below the 2022 record of $182 billion. Despite the year-over-year decline the 2024 inflation adjusted net farm income forecast is above the 20-year average. However, the increase is largely attributable to income from livestock sales with receipts for most major crops lagging 2024 levels.

Cash receipts for U.S. crop sales are estimated to total $236.6 billion for 2025, down 2.5 percent from 2024. Sales receipts from farm level sales of corn and soybeans are expected to be down 3.7 and 7.2 percent, respectively. In September 2025 the United States Department of Agriculture (USDA) estimated receipts for U.S. farm level wheat sales declined 9.8 percent (or $1.1 billion) in 2025. The reduction is the result of substantially lower prices for the 2025 crop. However, in November USDA raised their estimate of 2025 national wheat production based on increases in both average yields and total harvested acres compared to earlier forecasts so the revenue decline may not be as severe as initially expected.

Lower receipts from crop sales are offset by significantly larger direct government payments to farmers and ranchers in 2025, not including crop insurance indemnity payments. Direct farm program payments to producers in 2024 totaled $10.1 billion but are expected to increase to $40.5 billion for 2025. The largest percentage of government payments for 2025 are in the form of supplemental and ad hoc disaster assistance ($35.2 billion). Farm program payments that are determined by commodity prices are expected to total $550.4 million in 2025, basically unchanged from 2024. Payments to producers from conservation programs are estimated to be $4.8 billion in 2025 up over 10 percent from the 2024 levels.

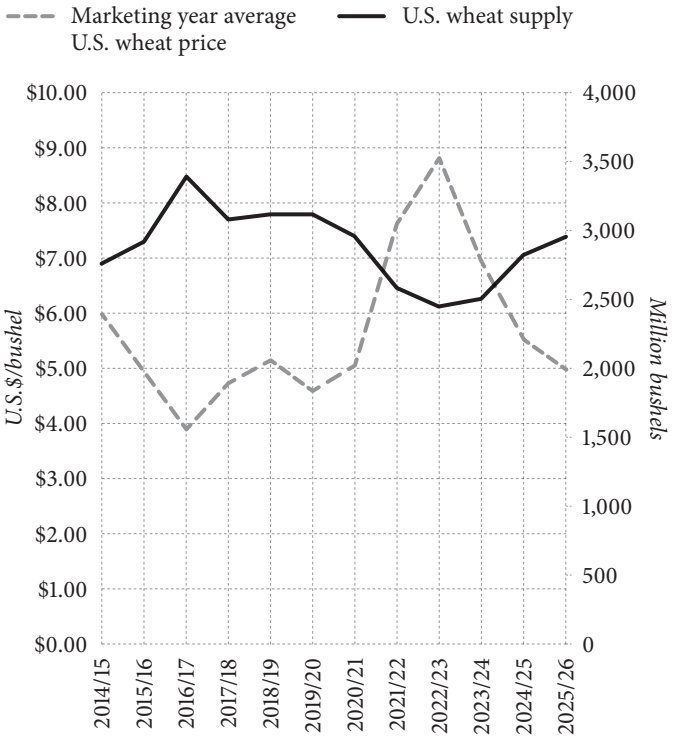
Wheat

Based on their forecasts in December 2025, USDA predicts U.S. wheat producers harvested 1.4 million fewer acres in 2025 compared to 2024 but offset the reduced acreage with record yields, up 4 percent compared to 2024. Based on USDA's December 2025 World Agricultural Supply and Demand estimates (WASDE),[2] the average U.S. marketing year price for wheat harvested in 2025 will be $5.00 per bushel, down from the average price of $5.52 per bushel in the 2024/25 marketing year (the U.S. wheat marketing year runs from June 1—just before U.S. producers begin wheat harvest—to the following May 31). Figure 1 shows historical U.S. wheat prices over the last several years. If the current USDA price forecast is realized for the 2025/26 marketing year, it will be the lowest price since 2019/20, and the third lowest price over the last decade.

Total domestic wheat demand is expected to exceed 2 billion bushels for the first time since the 2020/21 marketing year. U.S. wheat exports are expected to increase substantially this marketing year, and total 900 million bushels for the first time since 2020/21. This represents an increase of 9 percent over the previous year's export volume. Export pace through December 1, 2025 (the start of the third quarter of the marketing year) suggests USDA's current export forecast could be too conservative and total exports may exceed 900 million bushels by May 31, 2026.

1 https://www.ers.usda.gov/topics/farm-economy/farm-sector-income-finances/farm-sector-income-forecast/
2 https://www.usda.gov/oce/commodity/wasde

Figure 1: *Marketing Year Price vs. Total U.S. Wheat Supply*



Source: United States Department of Agriculture, National Agricultural Statistics Service

Even though current estimates suggest U.S. wheat exports will be the largest in five years, they are still well below the 1.1 to 1.2 billion bushels we exported just over a decade ago. Exports account for most of the increase in total U.S. wheat demand this year compared to last as domestic consumption has remained relatively stable.

Despite year-over-year improvements in total wheat demand, increased production and relatively large stocks left from pervious marketing years results in USDA forecasting a May 31, 2026, wheat carry-out of 901 million bushels (this is the amount of wheat we will have on hand as we head into the 2026 wheat harvest). This is an increase of 6 percent over from May 31, 2025, wheat ending stocks, and the largest carry-out since May 2020 when ending stocks exceeded 1 billion bushels.

Figure 2 provides the balance sheet estimates for U.S. wheat over the last several years. The estimates represent an aggregation of all classes of wheat grown in the U.S., and the average farm price is based on average prices for all wheat classes and across all states, weighted by the amount of wheat marketed by farmers each month. USDA calculates average monthly prices for the marketing year and then weights the individual monthly estimates based

Figure 2: *U.S. Wheat Balance Sheet (June/May) – Based on Dec 2025* WA*SDE – USDA*

Marketing Year	USDA 18/19	USDA 19/20	USDA 20/21	USDA 21/22	USDA 22/23	USDA 23/24	USDA Dec Est 24/25	USDA Dec Fore 25/26
	(in million acres/million bushels)							
Beg Stocks	1,099	1,080	1,028	845	674	570	696	851
Imports	135	104	100	96	122	138	149	120
Acres Planted	47.8	45.5	44.5	46.7	45.8	49.6	46.3	45.3
Acres Harvested	39.6	37.4	36.8	37.1	35.5	37.1	38.6	37.2
% Harvested	82.8%	82.2%	82.7%	79.4%	77.5%	74.8%	83.4%	82.1%
Yield	**47.6**	**51.7**	**49.7**	**44.3**	**46.5**	**48.7**	**51.2**	**53.3**
Production	1,885	1,932	1,828	1,646	1,650	1,804	1,979	1,985
Total Supply	**3,119**	**3,116**	**2,957**	**2,588**	**2,446**	**2,511**	**2,824**	**2,955**
Food	954	962	961	971	972	961	969	972
Seed	59	60	64	58	68	62	62	62
Feed and Residual	88	97	93	64	74	86	117	120
Exports	937	969	994	796	762	706	826	900
Total Demand	**2,039**	**2,087**	**2,111**	**1,889**	**1,888**	**1,815**	**1,974**	**2,054**
Ending Stocks	1,080	1,028	845	698	570	696	851	901
Stocks to Use	**52.97%**	**49.26%**	**40.03%**	**36.95%**	**30.19%**	**38.35%**	**43.11%**	**43.87%**
Avg. Farm Price	**$5.16**	**$4.58**	**$5.05**	**$7.63**	**$8.83**	**$6.96**	**$5.52**	**$5.00**

Source: United States Department of Agriculture, World Outlook Board

on the amount of wheat sold each month to derive the annual average farm price.

The most common wheat class grown in Washington is soft white wheat (accounting for as much as 90 percent of all Washington wheat production). Soft white wheat is of higher quality than most other wheat classes, and as a result soft white prices generally trade at a premium when compared to the national average wheat price. In early December 2025, for example, the Chicago futures price for December delivery of soft red wheat was trading in the mid $5.30 per bushel range, while soft white wheat out of Portland was trading for about $6.20 per bushel. Figure 3 Panel A shows the balance sheet for U.S. white wheat over the last few years.

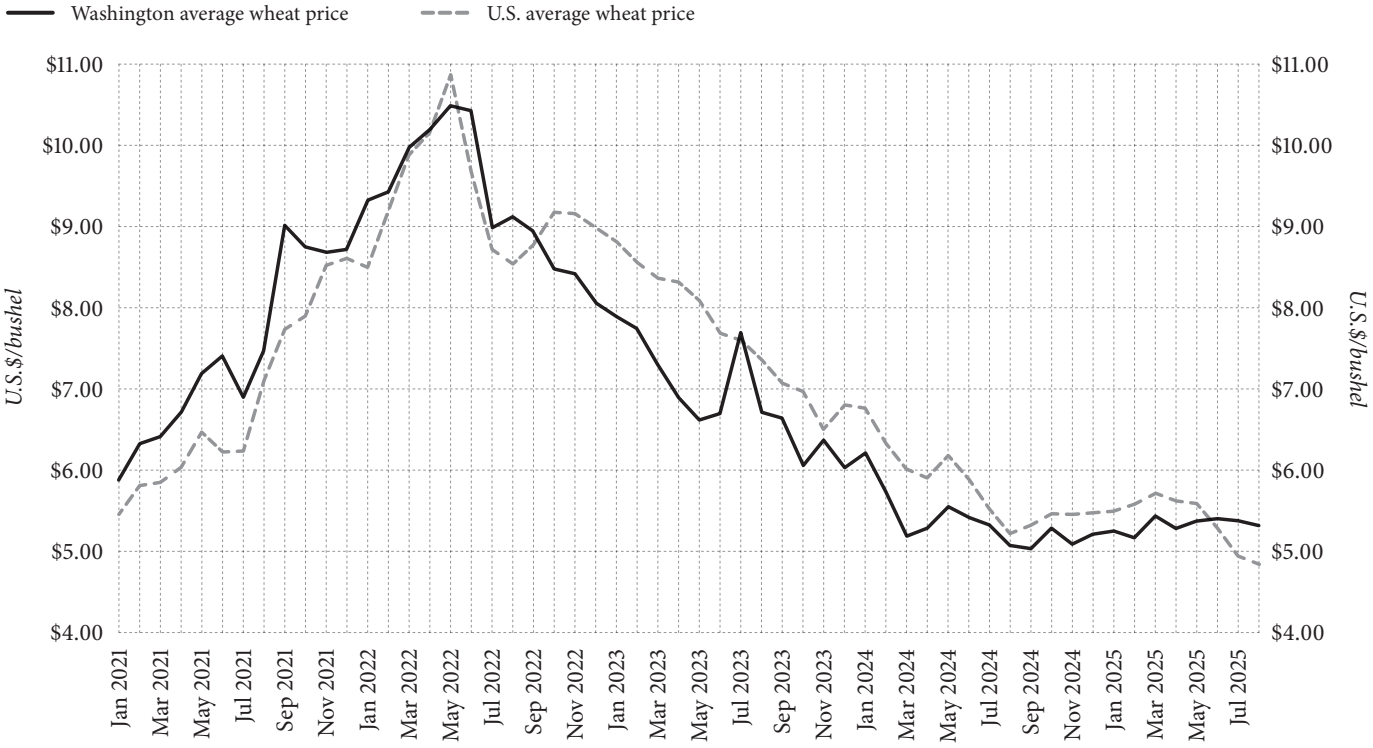
Washington producers usually receive a price below Portland's price to account for the transportation costs of shipping but have still historically enjoyed a price premium compared to the national market. However, as wheat prices began to decline in the second half of 2022 Washington wheat prices traded below national average prices even though Portland export prices for soft white wheat still exceeded the national average price most days. Beginning early in the current marketing year (June 2025) the price relationships returned to their pre-2022 levels with Washington prices reflecting a premium over the national average price. Figure 3 Panel B shows average monthly wheat prices in Washington compared to national average prices over the last few years (this is average Washington price across all classes of wheat grown in Washington weighted

Figure 3.A: *U.S. Wheat Balance Sheet (June/May) – Based on Dec 2025* WASDE *– USDA*

Marketing Year	USDA 21/22	USDA 22/23	USDA 23/24	USDA Dec Est 24/25	USDA Dec Fore 25/26
	(in million bushels)				
Beg Stocks	70	54	74	85	80
Imports	5	7	6	7	5
Production	201	272	234	276	283
Total Supply	**276**	**333**	**314**	**368**	**368**
Domestic Use	75	71	77	66	81
Exports	148	190	152	222	200
Total Demand	**222**	**261**	**229**	**288**	**281**
Ending Stocks	54	74	85	80	92
Stocks to Use	**24.32%**	**28.35%**	**37.12%**	**27.78%**	**32.74%**

Source: United States Department of Agriculture, World Outlook Board

Figure 3.B: *Washington vs. U.S. Wheat Prices*



Source: USDA, National Agricultural Statistics Service

by volume, but white wheat does represent most of the wheat grown). At the time of this writing prices reported for 2025 were not available past August due to the federal government shutdown beginning in October.

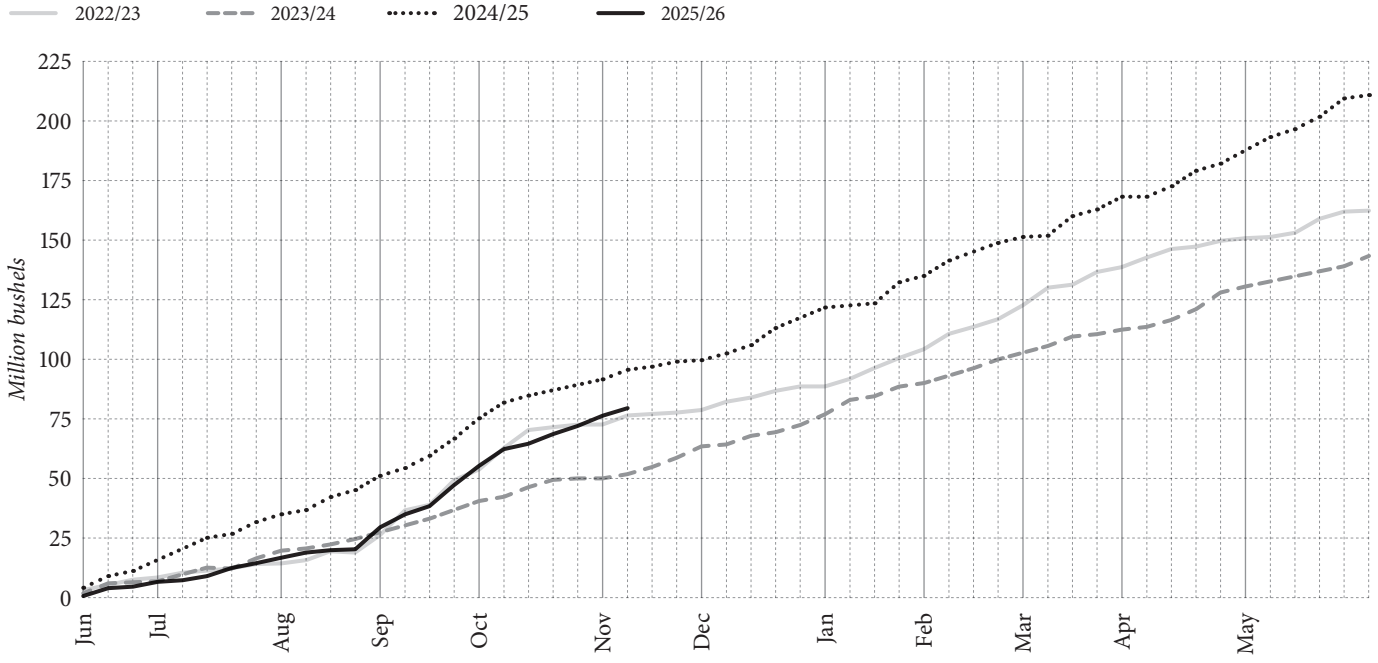
Like producers in most of Washington's agricultural sectors, Washington wheat producers are heavily dependent on the export market. As much as 90 percent of all white wheat produced in Washington enters the export market through Portland. This compares to about 45 percent of the total U.S. wheat crop being exported (still substantial with national wheat prices quite sensitive to export activity). In their December 2025 WASDE USDA forecast total U.S. white wheat exports for 2025/26 to be 200 million bushels, a decline of more than 10 percent from last year.

Figure 4 shows the cumulative white wheat exports over the previous three marketing years compared to the first couple of quarters of the 2025/26 marketing year. Through November 2025 white wheat exports lagged the previous year's exports, but on pace with exports from 2022/23. That year total U.S. white wheat exports were 190 million bushels, just under the current forecast for this year's exports. Thus, the pace of white wheat exports through the first half of the marketing year appears consistent with the export total forecast for the entire year.

Through the first half of 2025/26 the largest importer of U.S. white what has been South Korea, accounting for almost 27 percent of total purchases. The next two largest buyers are the Philippines (25 percent of total purchases) and Indonesia (16 percent). Combined with Japan these countries in aggregate account for over 80 percent of total U.S. white wheat imports through the first two quarters of 2025/26.

Washington soft white wheat prices are heavily influenced by the soft red wheat futures prices traded in the Chicago futures market. As a result, we can look at futures prices for later delivery in Chicago and get some sense as to whether market participants are expecting prices to improve or drift lower as we move through the remainder of the current marketing year and into the 2026/27 wheat marketing year. Figure 5 shows futures prices for soft red winter wheat through December 2026 as reported in early December 2025. Note that futures prices increase as we move through the balance of this marketing year and into the first two quarters of 2026/27.[3] This is a positive sign for wheat producers and suggests that the current market expectation is that wheat prices next year will exceed current year prices. However, prices are about $0.30 per bushel below where they were a year ago when looking at the December 2024

Figure 4: *U.S. Cumulative White Wheat Exports*

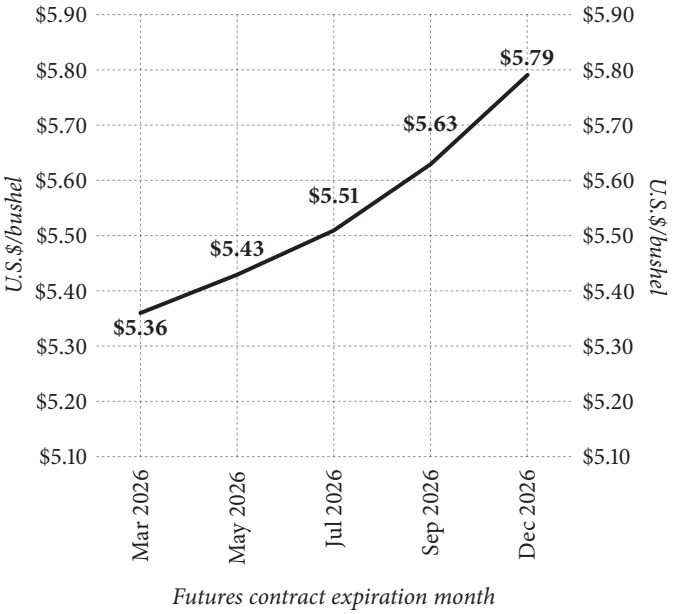


Source: USDA, Foreign Agricultural Service

3 There are not wheat futures contracts for every month. Figure 5 shows prices for months in which futures contracts expire.

price bids for Spring and fall of 2025. Thus, while some general price improvement is anticipated going forward prices are still expected to remain quite low relative to recent years for both spring and fall of 2025.

Figure 5: *Soft Red Wheat Futures Prices*



Source: Barchart.com

Even though relative prices, as shown in Figure 5, suggest prices are expected to improve in coming month, it does not mean the entire price surface cannot decline. If futures prices drift lower over the next several months, Washington cash prices will also likely decline, and prices for next summer's harvest could decline as well.

One potential headwind facing future price improvement is continued uncertainty relative to the overall trade environment. While it appears that trade uncertainty has stabilized with some important wheat trading partners (Japan, for example) as of mid-December significant trade uncertainty still exists with other important wheat trading partners.[4]

Washington wheat producers are not only struggling with relatively low wheat prices in the current economic environment, but also consistent increases in production costs. As a result, wheat margins are being squeezed by from both the output and input sides of the ledger. While data for 2025 were not available from USDA as of this writing, estimates for 2024 suggest that Washington crop farmers production expenses in general were up about 3 percent compared to 2023 total production costs, and up 26 percent (8 percent in inflation adjusted dollars) since 2021—the last time national average wheat prices were about $5 per bushel.

Barley

U.S. barley production in 2025/26 fell to 141million bushels, the fourth straight year-over-year decline and the second smallest crop in at least the 20 years. U.S. barley yields averaged 80 bushels per acre in 2025 exceeding 2024 yields by 11 percent, but harvested acres fell 31 percent on a year-over-year basis leading to a reduction in total production of 24 percent.

Even with a large decrease in barley production for 2025, USDA estimates the average U.S. barley price this marketing year will over $1 per bushel less than last year's price, coming in at $5.30 per bushel. This constitutes a decline of 16 percent from 2024. The price decline is at least partially explained by a substantial reduction in total barley demand this year but ending stocks May 2026 are still expected to be below stocks on May 31, 2025, by about 15 percent. Total use of barley is expected to fall to 153 million bushels this year, the lowest level of barley consumption going all the way back to the earliest data reported by USDA's Economic Research Service in 1975.[5] Figure 6 shows the U.S. barley balance sheet the last several years compared to the USDA's December forecast for the current marketing year, and Figure 7 total U.S. barley demand from 1975 forward.

Based on USDA estimates U.S. farmers sold $685.5 million worth of barley off the farm in 2025, compared to $974.1 million in 2024 and $1.2 billion in 2023. State level data for 2025 was not available as of this writing, but in 2024 Washington farmers sold $29.9 million worth of barley, a decrease of 8 percent compared to 2023. Washington barley producers have consistently accounted for about 2.7 percent of all U.S. barley sales over the last decade. If the ratio holds for 2025 then Washington barley sales would total about $18.6 million in 2025 (Figure 8).

4 One example is Mexico. While Mexico buys almost no white wheat from the Pacific Northwest, they are the largest total buyer of U.S. wheat, accounting for 18 percent of total U.S. wheat exports in 2024/25. Because white wheat prices are sensitive to soft red wheat prices, any frictions in wheat trade with Mexico would likely have a negative impact on white wheat prices as well. Through late fall 2025 Mexico continued to be a reliable purchaser of U.S. wheat, but trade frictions were beginning to develop between the two countries including threats of escalating tariffs.

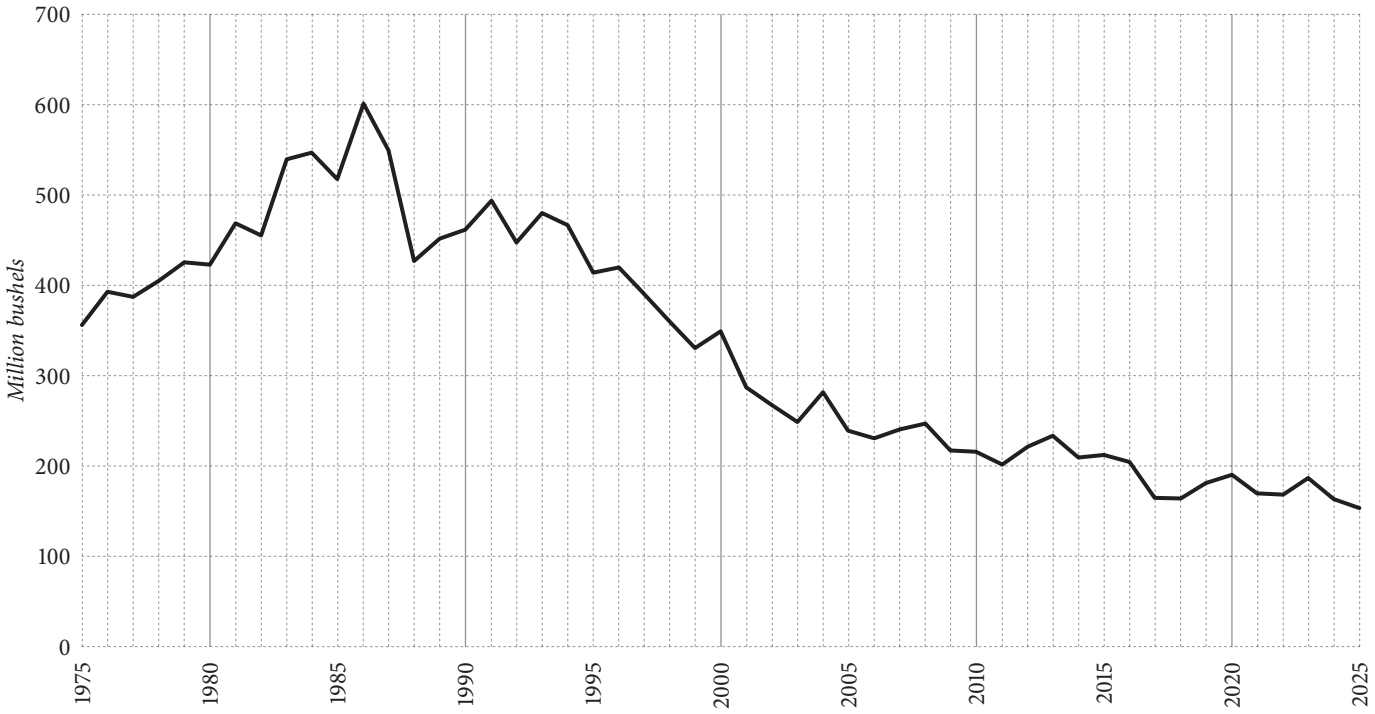
5 https://data.ers.usda.gov/FEED-GRAINS-custom-query.aspx#ResultsPanel

Figure 6: *U.S. Barley Balance Sheet (June/May) – Based on Dec 2025* WA*SDE – USDA*

Marketing Year	USDA 18/19	USDA 19/20	USDA 20/21	USDA 21/22	USDA 22/23	USDA 23/24	USDA Dec Est 24/25	USDA Dec Fore 25/26
	(in million acres/million bushels)							
Beg Stocks	94	79	80	71	37	66	78	70
Imports	6	19	7	15	23	13	9	9
Acres Planted	2.5	3.6	2.7	2.7	2.9	3.1	2.4	2.3
Acres Harvested	2.0	3.2	2.2	2.0	2.4	2.6	1.9	1.8
% Harvested	80.0%	88.9%	81.5%	74.1%	82.8%	83.9%	79.2%	78.3%
Yield	**77.5**	**69.1**	**77.2**	**60.3**	**71.7**	**72.3**	**76.7**	**80.0**
Production	154	218	171	120	174	186	144	141
Total Supply	**254**	**315**	**258**	**206**	**235**	**265**	**232**	**219**
Food	148	158	147	139	132	125	115	110
Feed and Residual	14	44	26	17	35	56	36	30
Exports	5	11	14	7	2	5	9	9
Total Demand	**167**	**213**	**186**	**164**	**169**	**187**	**162**	**154**
Ending Stocks	87	102	71	37	66	78	70	65
Stocks to Use	**52.10%**	**47.89%**	**38.17%**	**22.56%**	**39.05%**	**41.71%**	**43.21%**	**42.21%**
Avg. Farm Price	**$4.62**	**$5.52**	**$4.75**	**$5.31**	**$7.40**	**$7.39**	**$6.31**	**$5.30**

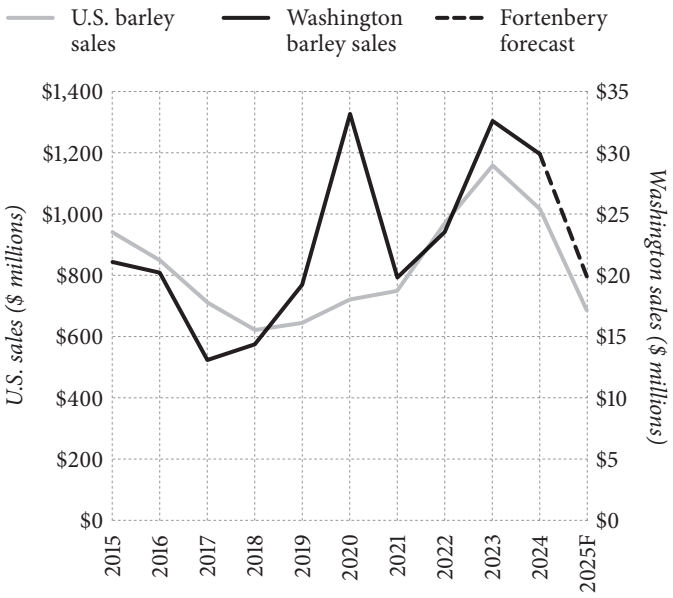
Source: United States Department of Agriculture, World Outlook Board

Figure 7: *U.S. Barley Demand*



Source: USDA, Economic Research Service

Figure 8: *Value of Farm-Level Barley Sales*



Source: USDA, Economic Research Service

Following a significant increase in barley acres from 2022 to 2023, Washington producers have reduced planted acres each of the last 2 years. Acres for 2025 totaled 69,000, a decrease of 14 percent from 2024 acreage. This represents about 3 percent of all acres planted nationally and is consistent with Washington's relative plantings over the last 5 years.

About 95 percent of all barley grown in Washington is planted in spring, as opposed to wheat which is generally planted in the fall. As a result, the size of both planted acres and the barley crop to be harvested in summer 2026 will be determined by barley prices in the spring months. However, based on recent trends and barley prices it is likely that Washington barley acres will fall again in 2025.

Summary

Wheat prices for the current marketing year (ending May 31, 2026) are projected to be the lowest since the 2020/21 marketing year. As a result, most Washington wheat farmers will face negative returns for at least the second year in a row. Futures prices as of December 2025 suggested we could see some price improvement for the crops harvested in summer 2026 but there are still significant political risks, specifically the impact of continued uncertainty in the international trade environment.

On a positive note, U.S. wheat exports are up significantly and will likely be the highest in 5 years when the marketing year ends in May 2026. However, most of the other major wheat exporting countries also have relatively large stocks of wheat so the export environment will remain very competitive.

Barley prices for the current marketing year are projected to be well below those of the last marketing year despite a reduction in year-over-year ending stocks. Washington producers decreased their barley acreage in 2025 compared to 2024 but still represents about 3 percent of total U.S. acres. Since most Washington barley is planted in the spring, the amount of Washington barley harvested in 2026 will be influenced by barley prices in the spring months. If the ratio of barley to wheat continues to hold at current levels, we may see a decrease in Washington barley acres again in 2026.

2025 Washington Tree Fruit Outlook

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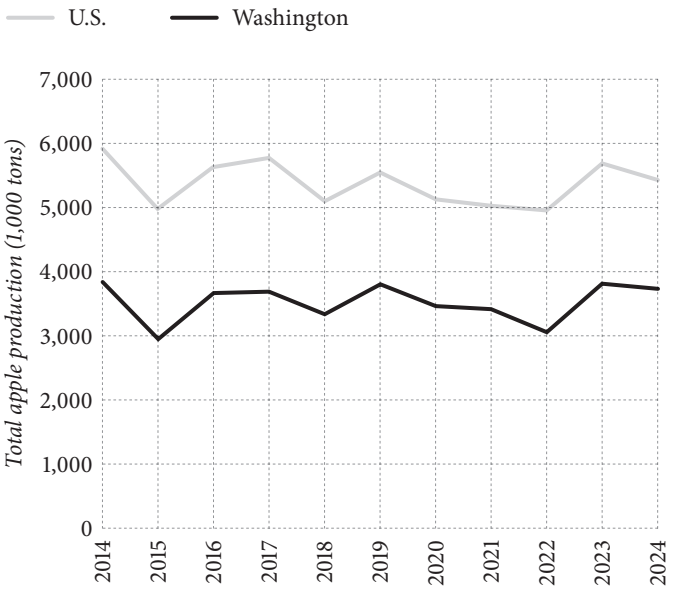
WASHINGTON state continues to be the nation's leading producer of apples, pears, and cherries. The 2025 Washington Tree Fruit Outlook provides an in-depth analysis of production trends, cost of production, and market conditions for these crops. We present information from 2024, as the U.S. Department of Agriculture publishes its reports in May of the following year. Consequently, data for 2025 will be released in May 2026.

Figure 1: *Total Apple Production, United States and Washington State, 2014–2024*



Source: United States Department of Agriculture, 2025

Apples

In 2024, Washington state's total apple production reached 3,740 thousand tons, representing 69 percent of total U.S. apple production (5,427 thousand tons). Production exceeded the 10-year average (2014–2024) of 3,531 thousand tons but remained below the 2014 record of 3,825 thousand tons. During 2014–2024, yield per acre in Washington declined by 17 percent, from 26 tons per acre in 2014 to 22 tons per acre in 2024. As in previous years, Washington's 2024 yield exceeded the U.S. average of 18 tons per acre. Over the same period, apple-bearing acreage in Washington increased by 18 percent, rising from 148 thousand acres in 2014 to 174 thousand acres in 2024. In 2024, 76 percent of Washington apple production was sold in the fresh market.

Assessing Robotics as a Strategic Response to Farm Labor Constraints

Ongoing research on the economics of farm labor and automation shows that robotic apple-harvesting technologies may reshape labor demand and production costs in specialty crop agriculture, with implications for policy discussions around workforce availability, mechanization incentives, and long-run industry competitiveness. Using a theory-driven cost–benefit framework, the analysis compares robotic and manual harvesting under realistic yield, labor, and fruit-quality scenarios. Although all robotic scenarios produce slightly lower revenues—about $1,249 per acre—due primarily to reduced fresh-market recovery,

Table 1: *Summary of Cost-Benefit Analyses of Robotic vs. Manual Harvesting*

	Compared to manual labor			
	Manual Sorter removes 15% of apples for defects	**Robot**	**Robot with In-field Sorter that removes 5% of apples for defects**	**Robot with In-field Sorter that removes 15% of apples for defects**
Variable	**No Robot**	**No Sorter**		
	($/acre)	*($/acre)*	*($/acre)*	*($/acre)*
Revenue Difference	-	-1,249	-1,249	-1,249
Harvest Labor Cost **Savings**	-440	1,665	1,709	1,709
Packing Cost **Savings**	1,320	555	995	1,875
Net Revenue Difference – Custom Harvest	**970**	**835**	**1,369**	**2,339**

robots substantially reduce labor requirements by lowering picking hours from roughly 125 to 17 per acre and decreasing labor needs on a 100-acre orchard from 519 workers to 65. These reductions generate harvest labor savings of $1,665–$1,709 per acre. Additional efficiencies arise from in-field sorting, which reduces bruised fruit entering the packing line and lowers packing costs by $555–$1,875 per acre, depending on sorter precision. Operating costs for robotic systems remain modest, and total variable costs decline as sorting performance improves. When all factors are combined, the highest net gains occur when robots are equipped with sorters—up to $2,339 per acre—highlighting that automation's economic viability depends heavily on improvements in fruit-quality sorting. These findings underscore the strategic role of targeted innovation support, workforce policies, and research investments that ensure emerging automation tools enhance sector resilience while managing transitional labor-market pressures.

Pears

Washington, the largest pear-producing state in the United States, accounted for 38 percent of national pear production in 2024, totaling 192 thousand tons. This volume was below the 10-year average of 326 thousand tons. Washington's yield per acre—10.6 tons—also fell below the national average of 12.5 tons per acre. The overall FOB price received by Washington growers was $551 per ton, and 74 percent of production was sold in the fresh market.

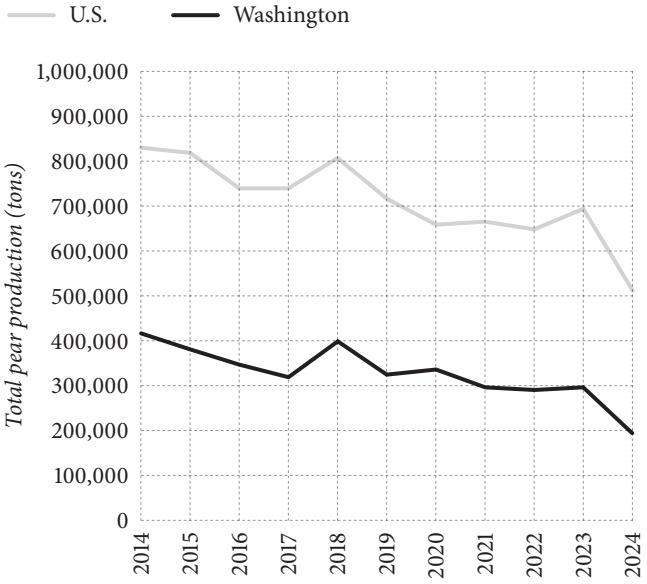
Cherries

In 2024, Washington was the largest producer of sweet cherries in the United States, accounting for 55 percent of national production. The state produced 202 thousand tons, a 3 percent decrease from 2023 (208 thousand tons). Production was slightly below the 10-year average of 218.6 thousand tons and well below the 2017 peak of 262.6 thousand tons.

Over the past decade, Washington's sweet cherry acreage increased by 14 percent, from 35 thousand acres in 2014 to 40 thousand acres in 2024. Meanwhile, yield per acre declined by 26 percent, from 6.77 tons per acre in 2014 to 5.04 tons per acre in 2024. Even so, Washington's yield exceeded the 2024 U.S. average of 3.84 tons per acre.

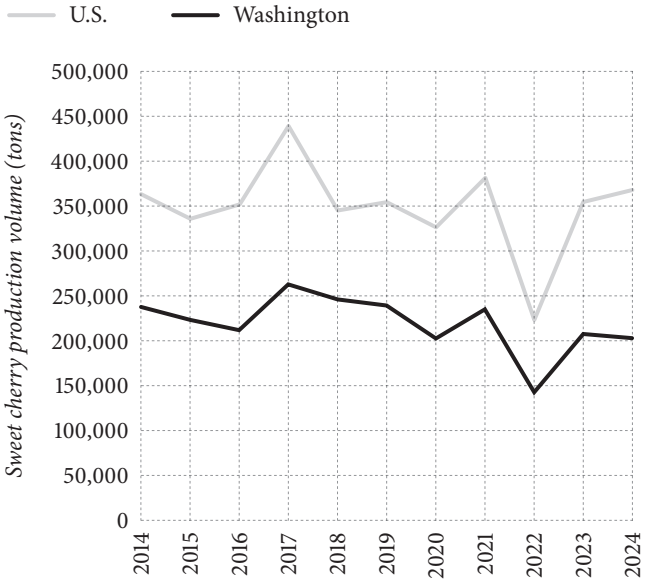
During 2014–2024, 81 percent of Washington's sweet cherry production went to the fresh market. The fresh-market FOB price received by Washington growers was $2,490 per ton, lower than the U.S. average of $2,670 per ton.

Figure 2: *Total Pear Production, United States and Washington State, 2014–2024*



Source: United States Department of Agriculture, 2025

Figure 3: *Total Sweet Cherry Production, United States and Washington State, 2014–2024*



Source: United States Department of Agriculture, 2025

Specialty Crops Situation and Outlook

Michael Brady (509) 335-0979

UNDER Section 101 of the Specialty Crops Competitiveness Act of 2004 (7 U.S.C. 1621 and section 10010 of the Agricultural Act of 2014, Public Law 113-79), specialty crops are "fruits and vegetables, tree nuts, dried fruits, horticulture, and nursery crops (including floriculture)." As is provided in more detail below, specialty crops play an outsized role in the agricultural economy relative to their share of acreage. This is particularly true in what the USDA refers to as the "Fruitful Rim," which includes Florida, Texas, and the West Coast from Arizona to Washington. Specialty crops also play a key role in making agriculture a more dynamic industry. The fresh market and direct sales provide opportunities for high margins, making new entrants into farming that operates at small scales more financially feasible. This section provides an overview of trends in specialty crop production and markets. For more background on specialty crop production in general see the 2014 version of this report.

This section provides a detailed summary of prices and production of the major specialty crops in Washington State. The most recent year information is available for is 2024, which is derived from USDA National Agriculture Statistics Service sources, except for wine grapes. Wine production and price trends are provided by the Washington State Wine Commission.[6] Previous year data for specialty crops is generally available in late winter to early spring.

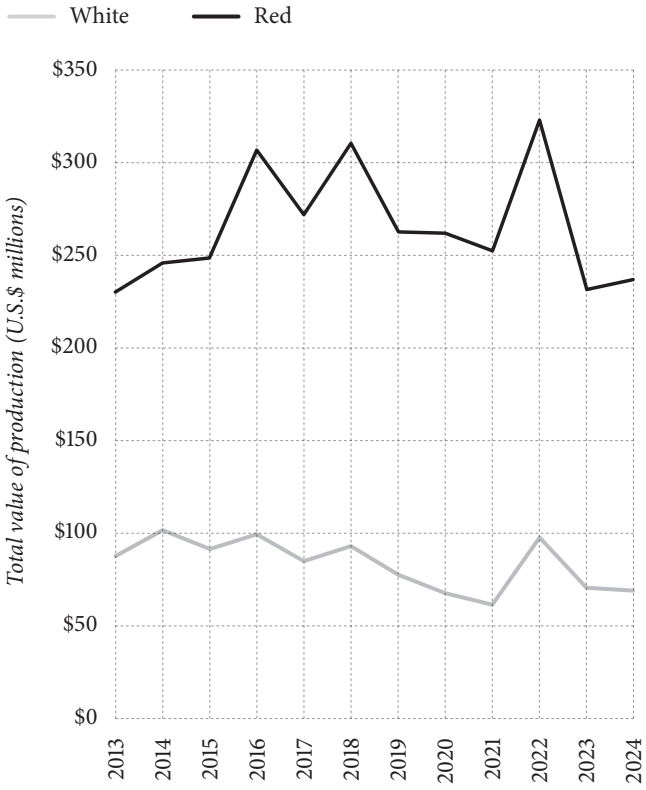
The Big Story for Specialty Crops in 2024

Washington farmers have struggled with low prices and drought for a number of important commodities in the last two years. Therefore, any bright spots from a price perspective are much needed, which has been the case for a few of the key specialty crops. Reductions in the supply of some wine grape varietals have paid off with higher prices. Onions, potatoes, and sweet corn in the fresh market also saw above average prices. The drought in the summer of 2025 was one of the worst on record while prices for apples and hay crops stayed low. Therefore, it will be important to see whether prices for the specialty crops discussed in this section stay relatively high when new data is released by USDA in 2026.

Wine Grapes

Total production in Washington's wine grape industry peaked around 2013–2015. There has been a steady decline excluding a transient bump up in 2022. This has been driven by downward pressure on prices. White varietals saw a slight increase in 2024 compared to 2023, while reds decreased from 159,000 tons to 151,000 tons in 2024. This drawback in production is creating the desired benefit of getting higher prices. Merlot is a standout in this regard. Production in 2024 was 12,505 tons, which is half the amount produced in 2022. However, prices jump by almost 60 percent year-over-year. Cabernet Sauvignon, the most important wine grape varietal grown in the state, also saw a price increase of more than 10 percent. The same was true for Gewurztraminer, Syrah, and Pinot Gris. Most of the other varieties saw prices and production remain relatively flat, which does provide valuable stability for the industry.

Figure 1: *Wine Grape Production Value Trends*



6 www.washingtonwine.org

Figure 2: *White Wine Grape Production Trends*

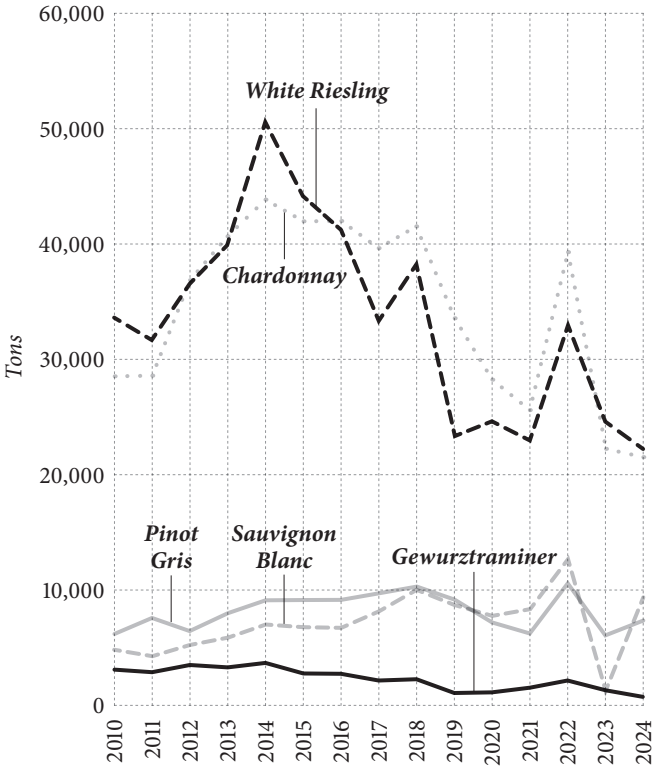


Figure 3: *Red Wine Grape Production Trends*

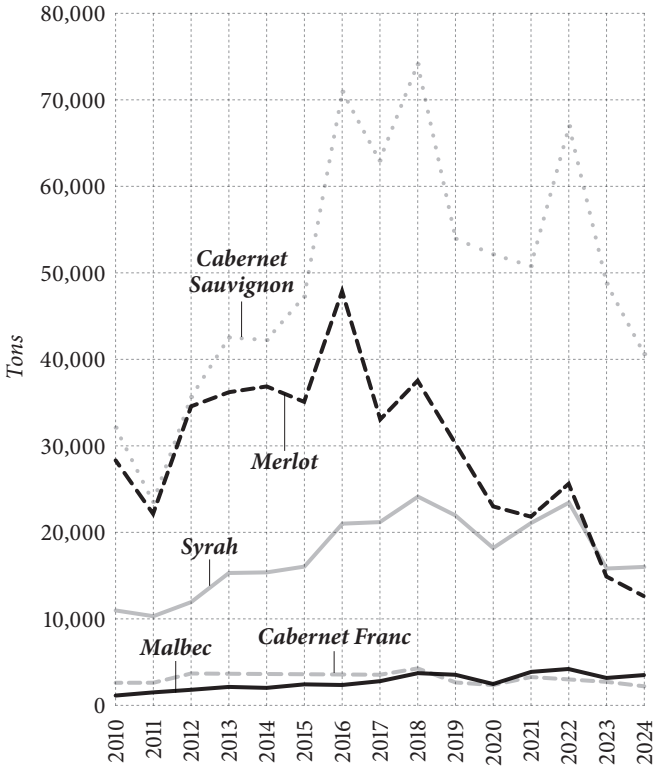


Figure 4: *White Wine Grape Price Trends*

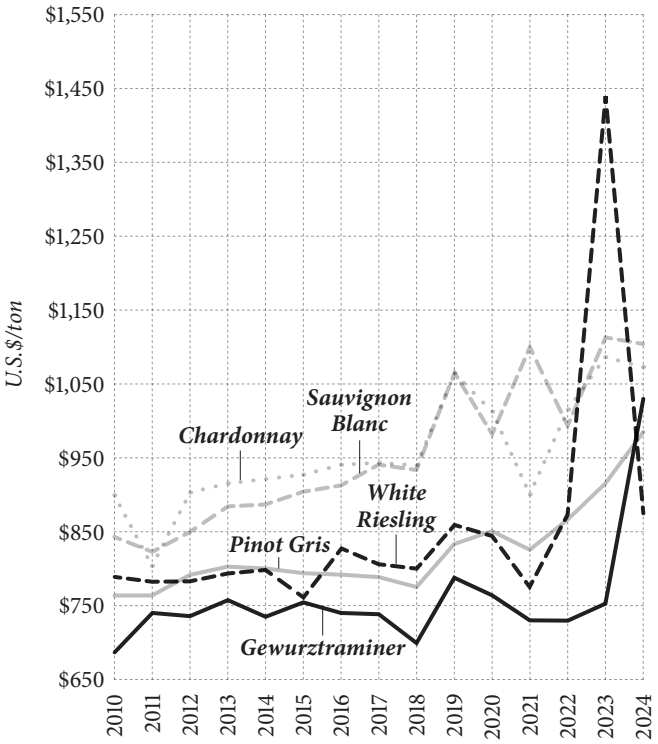


Figure 5: *Red Wine Grape Price Trends*

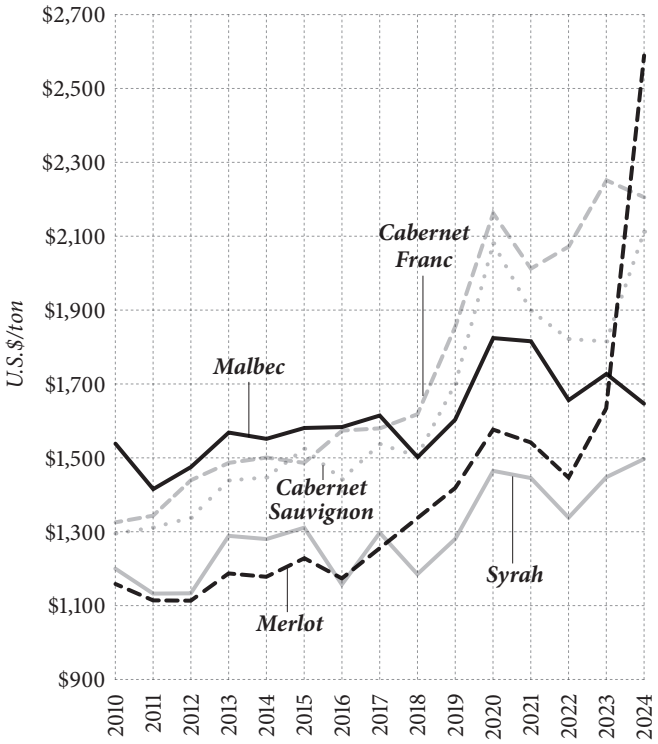


Table 1: *Vegetable Production*

Year	Asparagus (cwt)	Onions (cwt)	Green Peas (cwt)	Potatoes (cwt)	Sweet corn, fresh (cwt)	Sweet corn, processing (tons)	Sweet corn, all (cwt)
2010	228,000			88,440,000			
2011	220,000			97,600,000			
2012	202,000			95,940,000			
2013	188,000			96,000,000			
2014	182,000			101,475,000	1,817,000	693,000	
2015	167,000			100,300,000	3,441,000	722,000	
2016	211,000	18,053,000	1,855,000	105,625,000	524,000	909,000	
2017	232,200	15,894,000	1,528,100	99,220,000	808,000	734,000	
2018	267,000	17,301,000	1,782,000	100,800,000	447,000	806,000	
2019	226,000	14,328,000	1,906,000	104,960,000	630,000	756,000	
2020	209,000	16,119,000	2,318,400	99,653,000	308,000	755,000	
2021	160,000	11,343,000	1,624,000	91,928,000	707,000	749,675	
2022	152,000	14,364,000	2,109,000	95,410,000	336,000	712,000	13,050,286
2023	-	20,444,000	1,753,000	103,635,000	-	-	15,730,000
2024	-	21,306,000	2,102,700	98,890,000	189,100	620,919	12,607,500

Vegetables

Table 1 reports production and Table 2 reports prices for major vegetables in Washington. Unfortunately, the USDA was unable to disclose data for a few of the important specialty crops including asparagus and carrots. Potatoes and onions are critical to the region in terms of their economic scale, and both crops saw strong production and prices in 2024 relative to historical averages. Sweet corn prices were very strong, although production was down. Sweet corn for processing was also down in terms of production, but prices were at about the 10-year average. Green pea production and prices were also consistent with recent history.

Berries

Blueberry production saw strong growth in 2024 with 207 million pounds produced compared to 176 million pounds in 2022. Blueberry prices, averaging fresh and processing by the volume sold in each market, rebounded back to just under a dollar per pounds ($0.99/lb) after having dropped to $0.57/lb in 2023. For raspberries, 73 million pounds were utilized and received an average price of $1.16/lb. This corresponded to a crop valued at $84 million pounds, which was an increase of $9 million compared to 2023. The 2022 raspberry crop was significantly higher at $131 million.

Hops

Hops have been working through a period of oversupply and lower prices that started in 2022 following years of growth. In 2024, the hops crop was valued at $320 million compared to $434 million in 2022 and $500 million in 2021. The drought in the summer of 2025 resulted in the idling of a large amount of land planted in hops and inventories are declining, so it is possible that prices for hops will hold steady or rebound in the next couple of years.

Mint

The value of the spearmint oil crop in 2024 was $15.5 million, which is down about $4 million compared to 2023. It sold at an average price of $15.80/lb and total production was 980,000 lbs. Unfortunately, peppermint statistics were not reported in 2024 due to disclosure concerns.

Table 2: *Vegetable Prices*

Year	Asparagus ($/cwt)	Onions ($/cwt)	Green peas ($/cwt)	Potatoes ($/cwt)	Sweet corn, fresh ($/cwt)	Sweet corn, processing ($/tons)	Sweet corn, all ($/cwt)
2010	77.14			7.40	38.80	79.80	
2011	78.90			7.90	41.00	109.04	
2012	90.00			7.30	33.00	113.27	
2013	95.06			8.25	37.00	121.49	
2014	75.39			7.60	27.00	107.84	
2015	93.32			7.70	-	105.65	
2016	88.30	10.29	17.09	7.70	24.40	100.00	
2017	101.40	8.15	15.63	6.92	35.50	90.00	
2018	98.11	10.27	12.78	7.82	64.18	79.97	
2019	93.99	12.60	15.82	8.90	34.20	85.00	
2020	111.00	8.43	11.93	7.56	51.30	76.96	
2021	91.23	8.92	15.35	7.75	35.07	100.00	
2022	88.80	25.65	15.45	9.88	45.46	138.90	
2023	-	18.77	22.32	11.2	-	-	7.82
2024	-	22.38	16.47	10.42	65.50	103.00	6.06

Beef Cattle Sector Review and Outlook

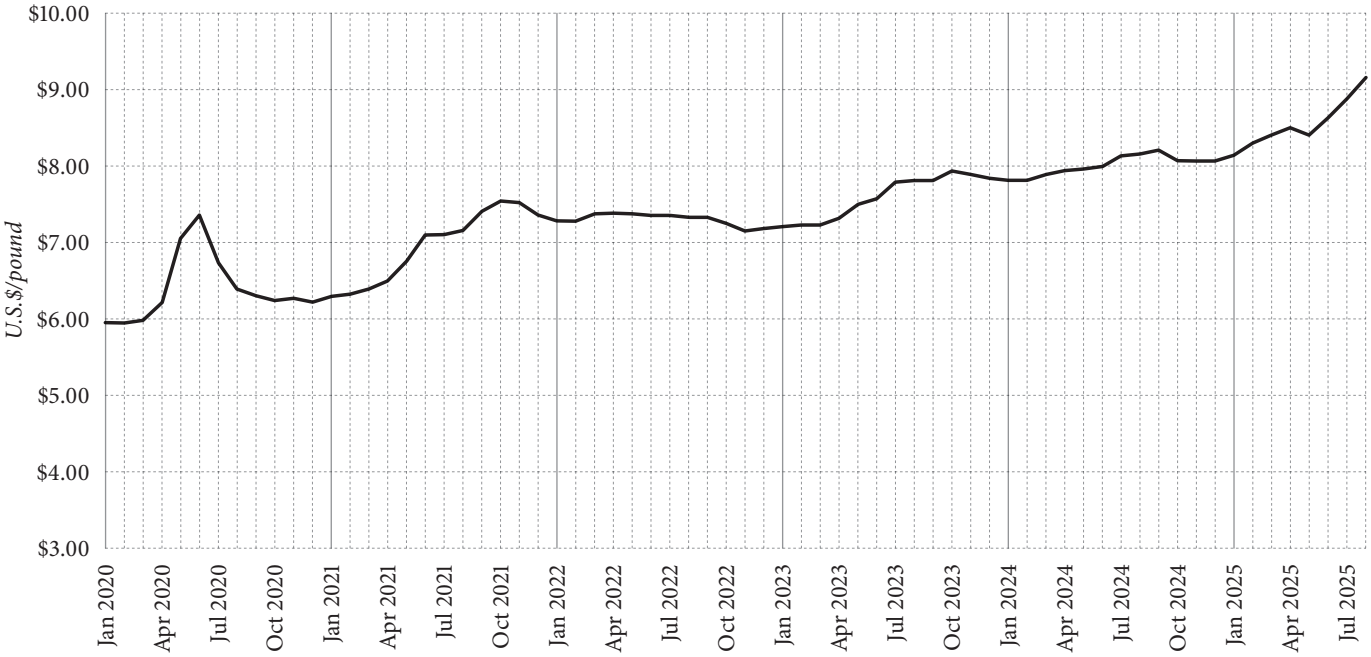
Shannon Neibergs (509) 335-6360

THE 2025 cattle market extended another year of record high cattle and retail beef prices. The price strength of the cattle market is supported by consumer demand for beef and driven by the low supply of cattle forcing record high prices across the beef cattle production chain. The short beef supply situation has been developing for several years. The U.S. beef cow herd on January 1, 2025 was 27.86 million head, down 3.78 million head, or 11.9 percent, from the most recent 2019 cattle cyclical peak of 31.64 million head. The beef cow herd is currently the smallest inventory since 1961. The projected 2025 calf crop is 33.1 million head after declining for seven consecutive years and is the smallest since 1941. What began as cyclical herd liquidation in 2020, accelerated and extended from 2021 through 2025 as a result of droughts and wildfires that significantly reduced forage resources in major beef cattle production regions. Although range and pasture conditions in 2025 were better than previous years, high price incentives encouraged cow-calf producers to sell heifers and aggressively cull cows for beef production rather than retain the females for reproduction.

Based on the biological time frame of about three years from breeding to beef production, and the added supply constraint of retaining heifers for breeding rather than beef production the record high prices are expected to continue in the near term provided consumers remain willing to pay record high prices for beef. Figure 1 shows the growth in beef retail prices at the consumer level. The high rate of beef price growth in 2025 is similar to the COVID price shock seen in spring 2020. For COVID the beef price shock increased 13 percent in a one-month period compared to 2025 which has seen month over month price growth of about 3 percent.

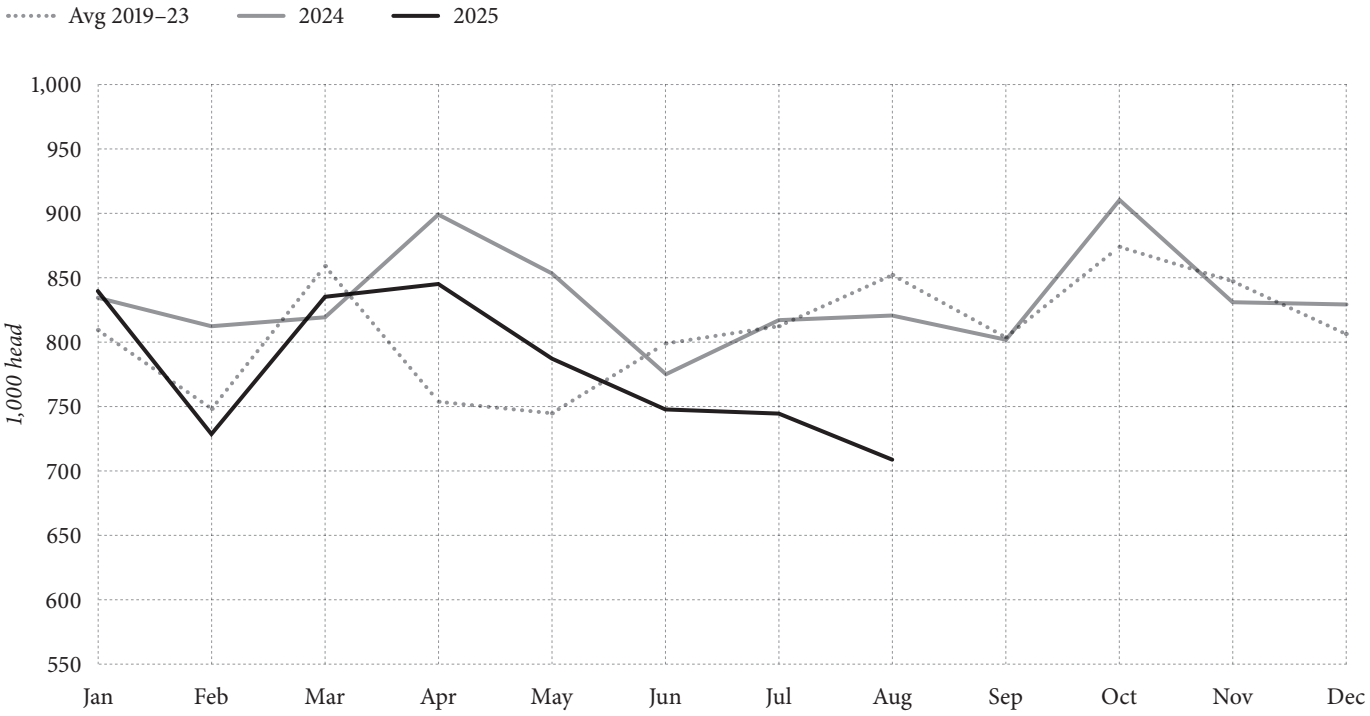
Market analysts keenly observe heifer and cow slaughter data as an indicator for beef supply correction. Monthly heifer slaughter is presented in Figure 2. The data for 2025 is only available through August due to lack of data reports during the Government shutdown. The figure indicates that 2025 heifer slaughter is below 2024 and the 2019 to 2023 average. This is largely due to the lower inventory of beef cows. If you compare heifer slaughter to total U.S. beef

Figure 1: *Monthly Beef Consumer Retail Price*



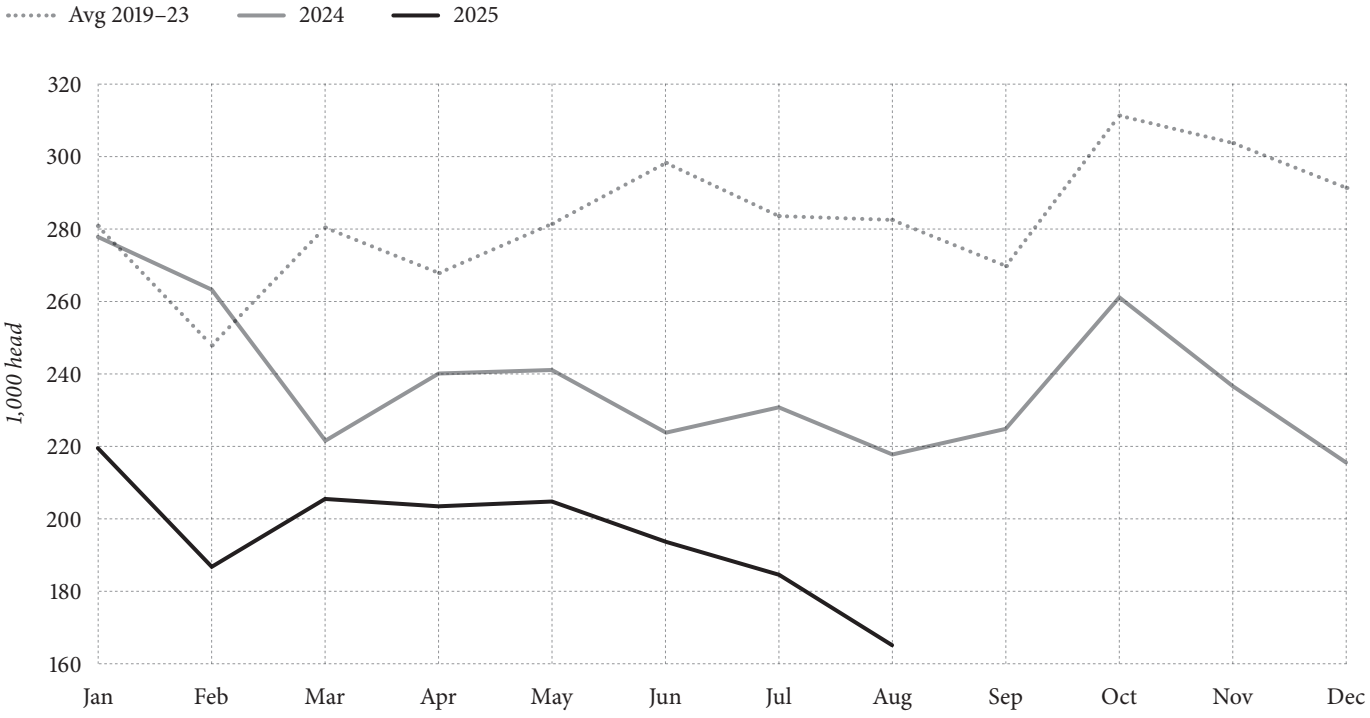
Source: https://www.ers.usda.gov/data-products/meat-price-spreads

Figure 2: *National Monthly Federally Inspected Heifer Slaughter*



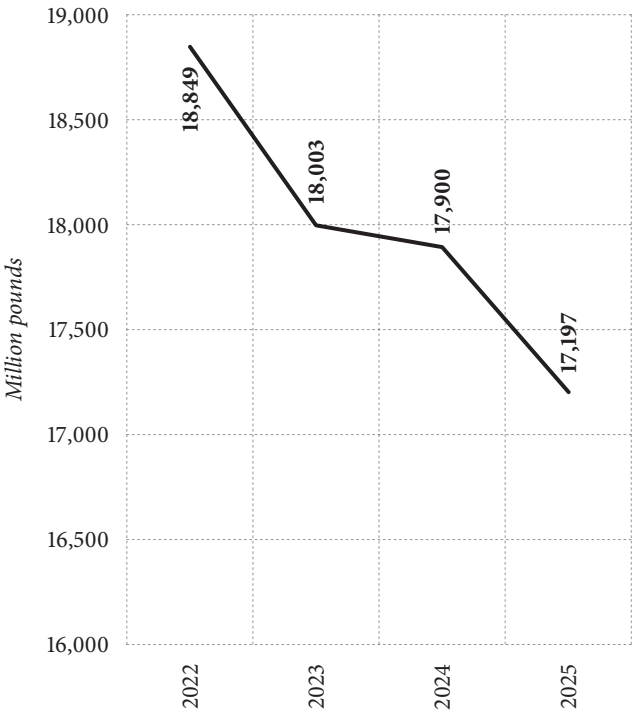
Source: USDA NASS Livestock Slaughter Report and author compilation

Figure 3: *National Monthly Federally Inspected Beef Cow Slaughter*



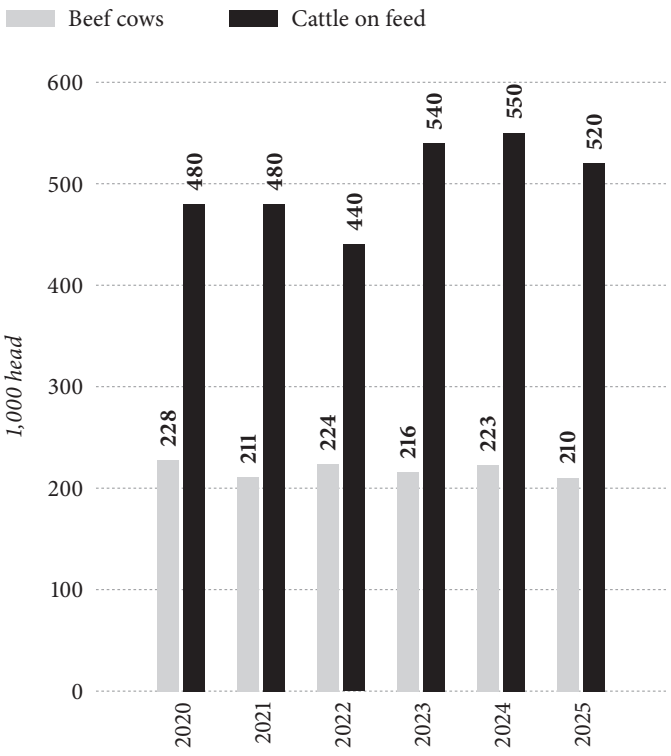
Source: USDA NASS Livestock Slaughter Report and author compilation

Figure 4: *U.S. Beef Production January to August*



Source: Author compilation using USDA NASS data

Figure 5: *Washington Beef Cattle Inventory*



Source: Author created with USDA Quick Stats

cow inventory the heifer slaughter rate of about 22 percent of the beef cow inventory is the same for each of the years presented. Beef cow slaughter date shown in Figure 3 shows sharply less cow slaughter in 2025 than previous years. Beef cow slaughter as a percent of total cow inventory is slightly lower than previous years indicating that producers are holding onto cows longer. This could be in trying to extend the productive life of a cow to produce more calves, or given high prices, low feed costs and favorable forage conditions, some producers may be holding onto cows to increase their weight at sale time. This would be interesting to evaluate in October when you get a seasonal spike in cow slaughter at weaning. Overall female slaughter rates do not indicate herd inventory rebuilding has begun.

In 2025, U.S. beef cattle feedlots pushed cattle to record-breaking weights, with steer carcasses averaging an unprecedented 983 pounds. This increase in carcass weight came from an increased days on feed, and a slower pace of slaughter as heavier carcass yields help offset reduced cattle numbers. Feedlots achieved these gains by extending feeding periods and feeding low-cost high-energy diets, allowing cattle to add more pounds before slaughter. U.S. beef production has decreased in 2025 to 17,197 million pounds through available data in August, see Figure 4. To offset low domestic production, U.S. beef imports in 2025 are projected to increase by about 16 percent over 2024, with the USDA forecasting total imports of 5.364 billion pounds (WASDE, Nov. 2025). This represents a new record over 2024's record-high imports. The U.S. government announced plans to increase imports of Argentine beef by quadrupling Argentina's low-tariff quota to 80,000 metric tons which could push final beef imports higher. The policy was framed as a way to ease record-high beef prices for American consumers. The announcement sparked backlash from U.S. cattle producers for undercutting domestic producers and resulted in sharply increased cattle futures market price volatility.

January through August U.S. beef exports have declined 10 percent in volume and 9 percent in value. Large export decreases to China accounts for the majority of the decrease but decreases across most trading partners have occurred. The strength of the domestic consumer market has offset the decrease in exports.

Washington Beef Production Review

Beef cow inventory statistics are reported annually based on a January 1 date. Washington's beef cattle inventory is presented in Figure 5. Beef cow inventory decreased in 2025 by 13,000, to 210,000 head due to producer 2024 culling

decisions. The feedlot inventory decreased by 30,000 head reflecting the declining herd inventory. Within the cattle feedlot numbers are beef on dairy crossbred cattle. Beef on dairy crossbreds have been a significant factor to counter the declining inventory of feeder cattle. Beef on dairy bred cattle have become a vital resource for Washington cattle feeders, helping stabilize supplies and improve carcass quality amid shrinking native beef herds. With the U.S. cattle inventory at its lowest since the 1950s, feedlots in Washington have increasingly relied on crossbred calves produced by dairy operations using beef genetics. These animals now represent an estimated 12–15 percent of all fed slaughter nationally, however specific USDA data reports are not available to track trends directly.

Price Trend

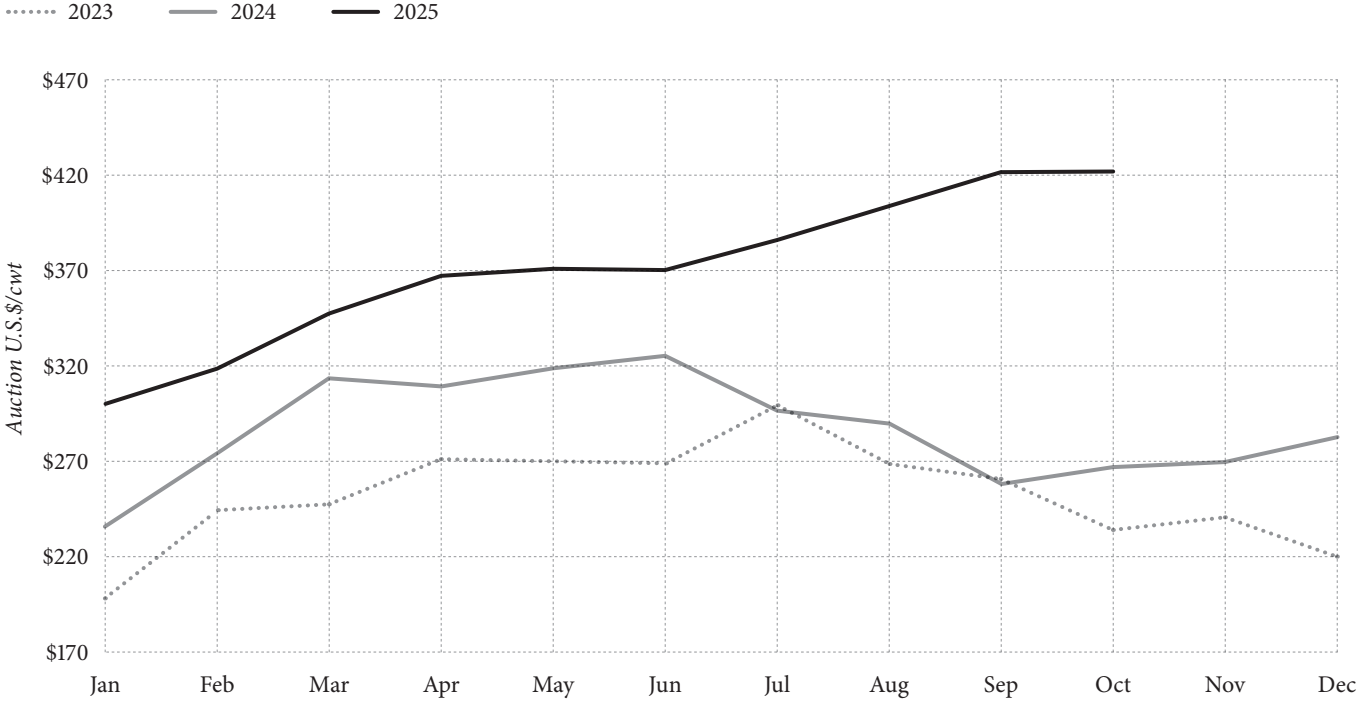
The prices for calves sold during 2025 continued a four-year trend in record high prices. The seasonal peak occurred in September and October at $421 per cwt, which counters the long standing trend of lower fall prices when the majority of calves are sold. Figure 6 shows monthly auction prices for steers weighing 500 to 600 pounds (the typical sale weight for cow-calf producers). Prices averaged 29 percent higher in 2025 than 2024. Over 80 percent of Washington calves are born in the spring and weaned and sold in the fall. October is the primary marketing month for the majority of Washington cow-calf producers. The October steer price is isolated and shown in Figure 7. The October 2025 price at $421 per cwt is 58 percent higher than 2024. This represents revenue of $2,319 per calf sold in 2025.

Cull cows are a significant source of revenue for cattle producers, and typically represent 15 to 20 percent of total revenue. Cull cow prices also set a new record high price. Cull cow prices increased to $162 per cwt in 2025, which is 28 percent higher than 2024. As shown previously in Figure 2, cow slaughter was lower in each month in 2025. The primary market use of cull cows is to produce ground beef, which is the primary form of beef consumption in the U.S. Prices for lean beef used in ground beef production set record high levels in 2025, and supported record high levels of beef imports into the U.S. from Brazil, Australia, and Uruguay to supply U.S. ground beef demand.

Summary Review and 2025 Outlook

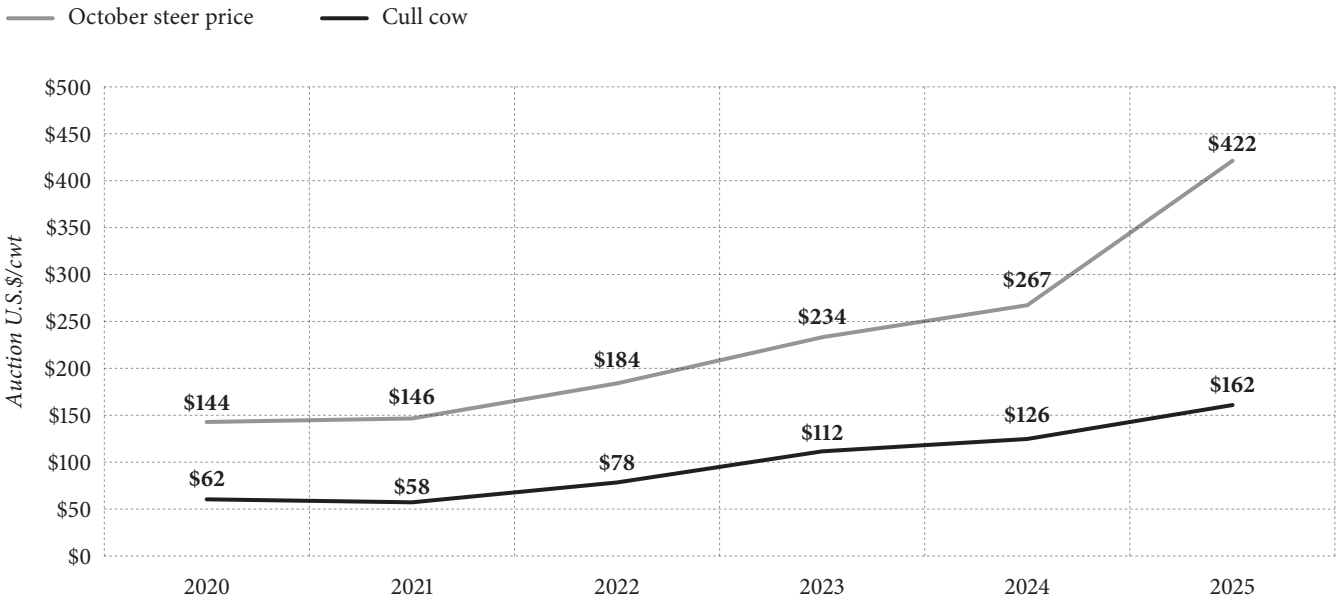
The prices cattle producers received in 2025 provided a fourth year in a row of record high profit potential. The low beef cattle inventory of reproducing females supports

Figure 6: *Washington Monthly Steer Price (500–600 lb)*



Source: Author using USDA/AMS – Weekly Combined Cattle Report – ML_LS795

Figure 7: *Washington October Steer and Cull Cow Prices*



Source: Author USDA/AMS – Weekly Combined Cattle Report – ML_LS795

a continued record high price outlook for 2026. With the cattle market's sustained price increases, strong consumer demand remains the key market driver. Beef producers continue to produce record high quality levels of Choice and Prime product that have become the cornerstone of sustaining consumer demand.

The cattle market will extend the trend in decreasing cattle inventory. Any heifer retention as replacements for inventory expansion will further tighten the supply of beef production, with a rolling three-year biological production lag that can be used for strategic planning. Weather and grazing conditions are key factors driving heifer retention decisions. Fewer cattle going forward means packers will need to compete for available cattle and leverage a larger portion of packer revenue back to the cattle production chain. Tyson Foods' decision to close its major beef packing plant in Lexington, Nebraska, in January 2026 is expected to ripple through the cattle market by tightening slaughter capacity. The plant, which handled nearly 5,000 head of cattle per day and employed over 3,000 workers, represented about 5 percent of daily U.S. beef slaughter.

The spread of New World screwworm in Mexico is expected to weigh heavily on the 2026 beef cattle market, disrupting supply chains and raising production costs. After detections in Mexico in 2025, U.S. officials closed southern ports to cattle imports, tightening an already strained market. The parasite, which burrows into wounds and can cause severe animal losses, threatens both animal health and rancher profitability in Texas and Mexico border states. For cattle feeders and packers in states bordering Mexico, the impact is twofold: fewer imported feeder cattle from Mexico and higher veterinary and biosecurity expenses. In a typical year, the U.S. imports about 1.1 to 1.2 million head of cattle from Mexico. If outbreaks reach U.S. soil, the industry could face billions in losses, further inflating beef prices. The USDA has launched a coordinated response, including sterile fly releases and a centralized information hub, but uncertainty over containment means the 2026 cattle market will likely remain under pressure. New world screwworm is not considered a bio-risk for Washington. Freezing temperatures are highly effective at killing New World Screwworm larvae and eggs. The species thrives in warm, tropical to subtropical climates, and its life cycle cannot survive prolonged exposure to cold. This is why regions with sustained freezing conditions, such as Washington State, are considered low risk for screwworm infestations.

The 2026 cattle market outlook reflects both resilience and uncertainty as the industry navigates historic low inventory and high prices. With the national herd at multi-decade lows, the threat of packer consolidation, shifting trade flows, and biosecurity threats like New World screwworm are shaping supply dynamics. Cattle producers and feeders face a year to be defined by heightened volatility.

Dairy Sector Review and Outlook

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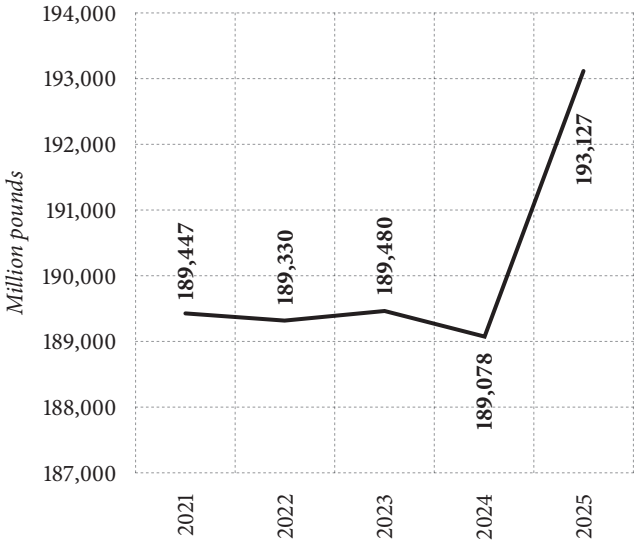
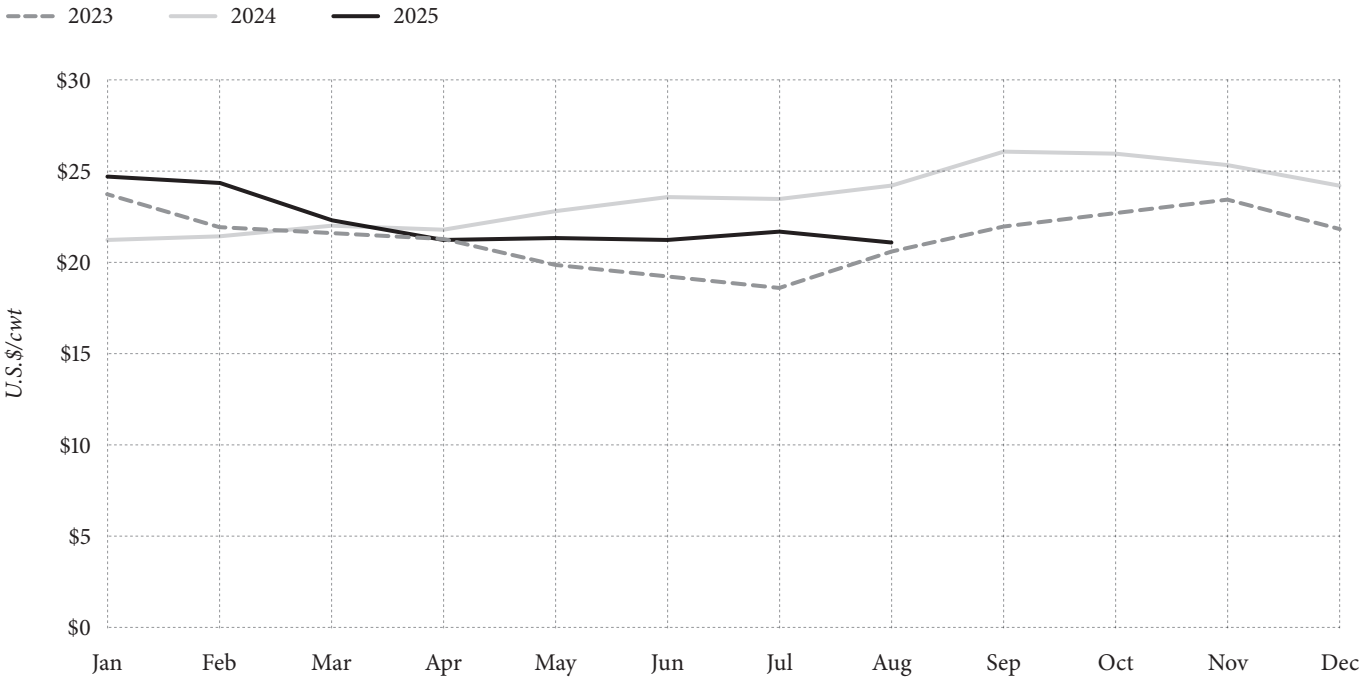
U.S. milk production increased in 2025 by 4,000 million pounds over 2024 using available data from January to October. The production growth is driven by both herd expansion and high cow productivity. The milk cow herd has grown to 9.5 million head for the first time since 2021. The herd has expanded by 185,000 head since January. This marks the largest U.S. milk cow herd since the early 1990s. Idaho has led the way in herd growth, with 50,000 more cows being milked than last year followed by Kansas with an additional 36,000 head and Texas is third with a 29,000 head increase. Figure 1 presents January to October milk production from 2021 to 2025. Production volume was relatively stable from 2021 to 2024. The decline in 2024 was in response to low prices and profitability. The growth in 2025 represents a supply response to the record $11 billion investment in expanded dairy production that includes the opening of the Darigold Pasco plant in 2025. The new plants across the U.S. represent a significant expansion of dairy production capacity. Some of the milk for these plants will come from processors relaxing their

Figure 1: *U.S. January to October Milk Production in Million Pounds*



Source: Author using USDA Quick Stats

Figure 2: *Washington Monthly Milk Price*



Source: Author using USDA Quick Stats

base quota programs allowing dairies to expand production. The net effect of economic competition between the new more efficient plants versus existing plants will unfold as the new plants come online. This is already evident in Washington with the announced closure of the Chehalis Darigold plant in December, 2025.

Strong U.S. dairy exports helped market the expanded U.S. production. U.S. dairy exports were up 14 percent compared to the same period in 2024 with cheese and butter shipments leading the growth despite weaker demand for skim milk powder and whey products. In March China imposed a 10 percent tariff on U.S. dairy products that depressed milk trade to China.

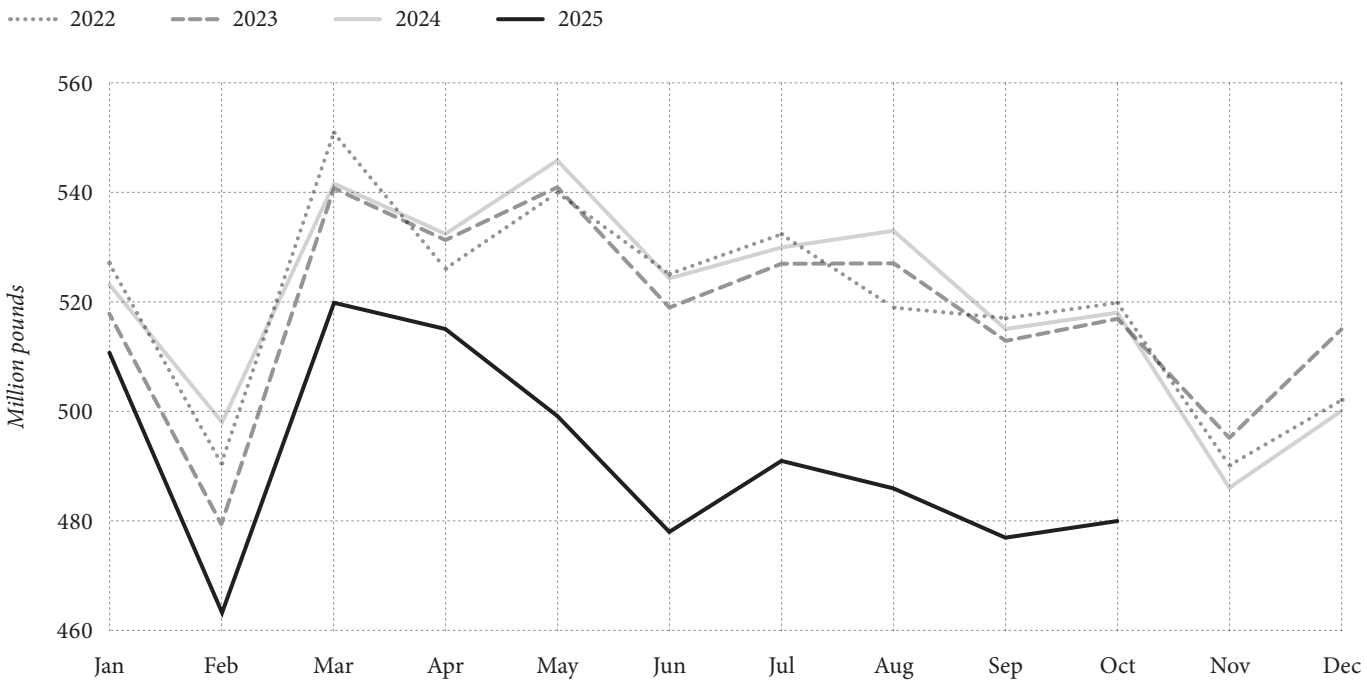
Washington Milk Price, Production, and Cow Inventory

The monthly milk price Washington dairy producers received from 2023 to 2025 is illustrated in Figure 1. The 2025 monthly milk prices were below 2024 since May. The monthly milk price January to August average was $22.42. For Dairigold producers their 2025 milk checks were reduced $4 per hundredweight to finance cost overruns in developing the Pasco plant and balance operating losses. Dairy producers profit margins continued to face challenges from high production and labor costs. Dairies are particularly sensitive to high labor costs because they have to operate every day of the year and for some dairies labor is required for 24 hours.

Washington's milk production was lower for each month in 2025 compared to past three years. The January to October milk production in 2025 was 4,920 million pounds which is 6.5 percent lower than 2024 and the lowest for the years presented in Figure 3. Washington was the only state in the West to see decreased milk production, while national and other state milk production levels increased.

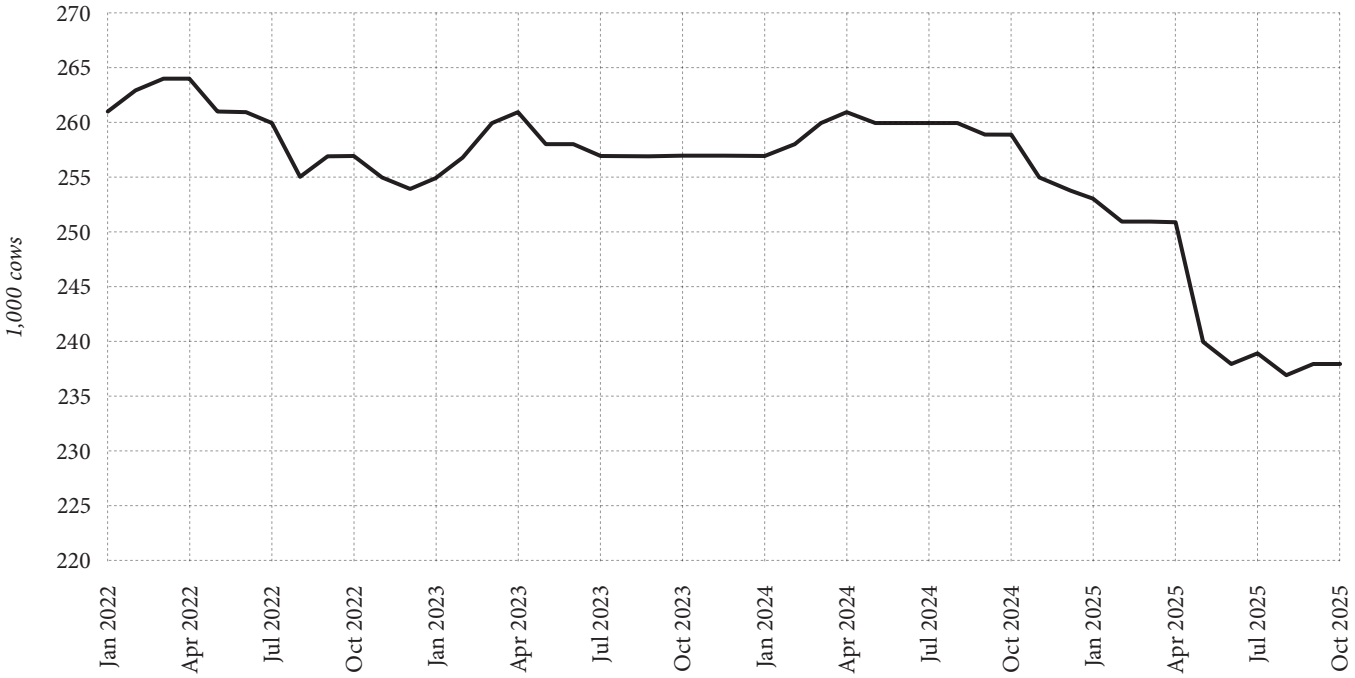
The decline in Washington's 2025 milk production is reflected with an associated decline in the inventory of milk cows as shown in Figure 4. Washington dairy cow inventory had a sharp drop in spring and trended downward to 238 thousand cows in October. This is the lowest inventory level since 2009. The number of dairy farms in Washington continues to decrease as farms face profitability, regulatory and farm owner retirement challenges.

Figure 3: *Washington Monthly Milk Production*



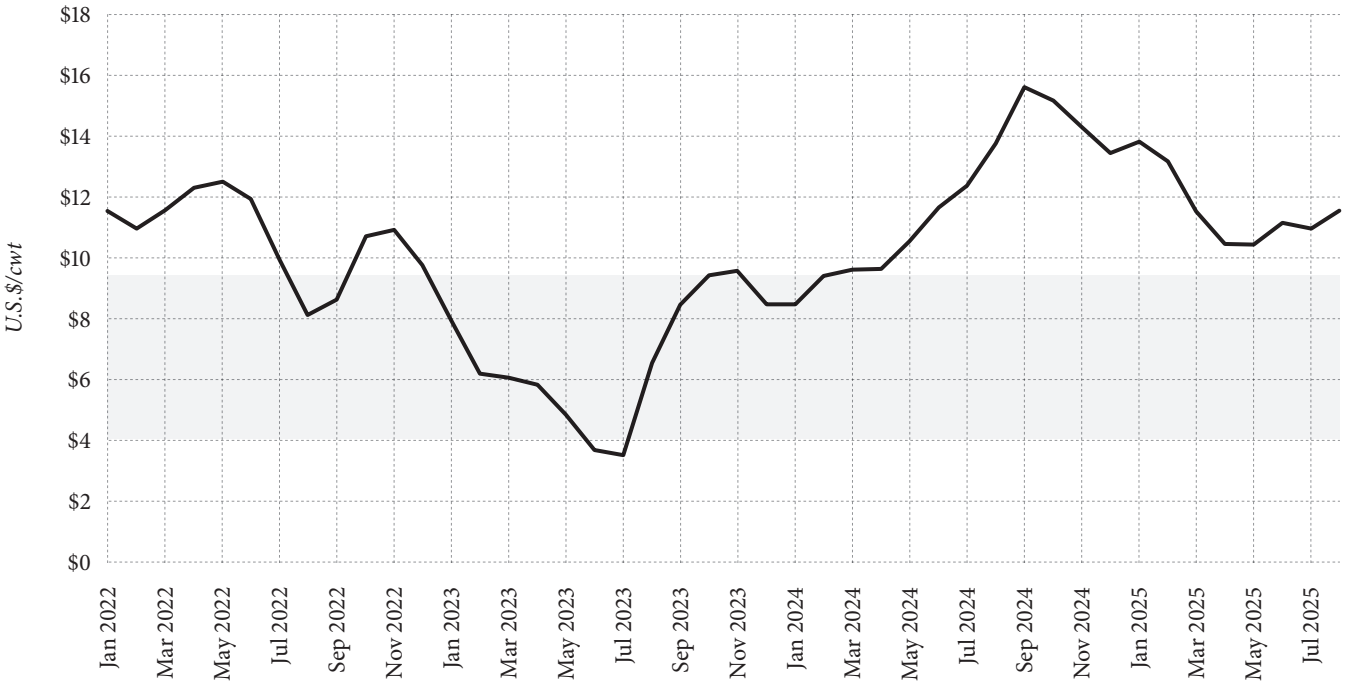
Source: Author using USDA Quick Stats data

Figure 4: *Washington Monthly Dairy Cow Inventory*



Source: USDA NASS and author calculations

Figure 5: *Dairy Margin Coverage Program Milk Price Minus Feed Cost Index Margin*



Source: Author compilation of DMC Data. https://www.fsa.usda.gov/resources/programs/dairy-margin-coverage-program-dmc/prices-updates

Improved Dairy Profitability Index

A national indicator of dairy profitability is the Dairy Margin Coverage (DMC) program which is a Farm Bill dairy support program. The DMC margin is the difference between the USDA All Milk Price and a feed cost index formula using national alfalfa, corn, and soybean meal prices. The monthly 2025 DMC margin levels were all above the $9.50 highest margin coverage level so producers did not receive any DMC payments. Figure 5 shows the monthly DMC margin from 2022 to August 2025. DMC payments have not triggered since 2023. This is largely due to low commodity prices in the feed cost index. The DMC margin only accounts for feed costs, so increases in labor, fuel, and interest expenses are all additional costs that reduce dairy margins. Washington dairy producers face some of the highest agricultural wage rates in the nation and increased processor milk check retains to pay for Darigold's new Pasco milk processing plant.

2026 Outlook

The outlook for dairy in 2026 is shaping up to be a forecast of moderate milk supply growth but tightening margins for dairy producers. According to USDA projections, U.S. milk production will rise to 231.3 billion pounds, supported by larger herds and incremental gains in productivity per cow. Global milk supply across the major exporting countries is expected to grow by 0.6 percent, following a strong 1.6 percent increase in 2025. This continued milk production expansion will keep markets well-supplied, but it also sets the stage for price pressure as production increases challenges demand growth.

USDA forecasts the U.S. all-milk price to average $19–$20 per hundredweight, down from 2025 levels, with Class III prices supported by strong cheese and whey demand, while Class IV prices for butter and nonfat dry milk—remain under pressure due to abundant milkfat supplies. Feed costs are expected to remain relatively low, due to high U.S. corn and soybean production and stocks. Producers will be economically pressured to prioritize efficiency gains, including automation, herd health technologies, and feed optimization, to maintain profitability. The outlook for beef-on-dairy profitability in 2026 remains positive and provides substantial cash flows. Record-high beef prices in 2025, driven by historically tight cattle supplies, have made crossbred calves a critical revenue stream for dairy farms. Beef on dairy calves are receiving $1,000–$1,500 per head, a dramatic premium over pure dairy calves, and this added income has boosted dairy margins. Strong calf values are expected to persist into 2026, supported by continued beef herd shortages and high feedlot demand.

The 2025 Federal Milk Marketing Order (FMMO) reforms, which took effect in June, marked the most significant overhaul in milk pricing in more than two decades and had a mixed impact on the dairy market. While FMMO updates aimed to modernize pricing and improve fairness, the immediate effect was a drop in component values and lower milk checks for farmers with early estimates showing losses of 85–93 cents per hundredweight. Increased Class I price differentials had a higher effect on eastern milk marketing orders compared to the west. Looking ahead to 2026, these changes are expected to continue shaping milk market dynamics.

Potato Situation and Outlook

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USDA'S November crop production report shows that Washington growers produced 88.583 million cwt of potatoes during 2025. That is 10.307 million cwt, or 10.4 percent, less than the 2024 crop. It is 9.5 percent below Washington's five-year average production. Nearly ideal growing conditions supported strong yields, which were the third largest on record. The statewide average yield for the 2025 potato crop was 635 cwt per acre. This exceeded the 2024 yield by 15 cwt per acre. Washington's reported yield is 17 cwt above the 20-year trendline yield. Though production in Washington and the Pacific Northwest is down from 2024 levels, the potato industry has a large supply of potatoes from the 2025 crop.

In terms of value, potatoes rank first among Washington field crops. USDA estimates the farmgate value of Washington's 2024 potato crop at $1.03 billion. That fell from $1.16 billion for the 2023 potato crop. The 2024 reduction can be attributed to relatively flat contract prices and a downturn in production, due to fewer planted acres and lower yields. The statewide average yield fell to 620 cwt per acre for the 2024 crop, from 630 cwt per acre for the 2023 crop. Growers planted 160,000 acres of potatoes in 2024, and they planted 165,000 acres in 2023.

The state's processing industry multiplies the economic impact of Washington potato production. Washington Potato Commission data indicates that 80–90 percent of the potatoes grown in the state are sold to processors. They are transformed into French Fries and other frozen products, dehydrated products, and potato chips. Roughly 10 percent of the crop is marketed as table potatoes. The remainder includes seed potatoes, shrinkage, and other sales not reported.

French Fries and other frozen products constitute the largest portion of Washington's value-added industry.

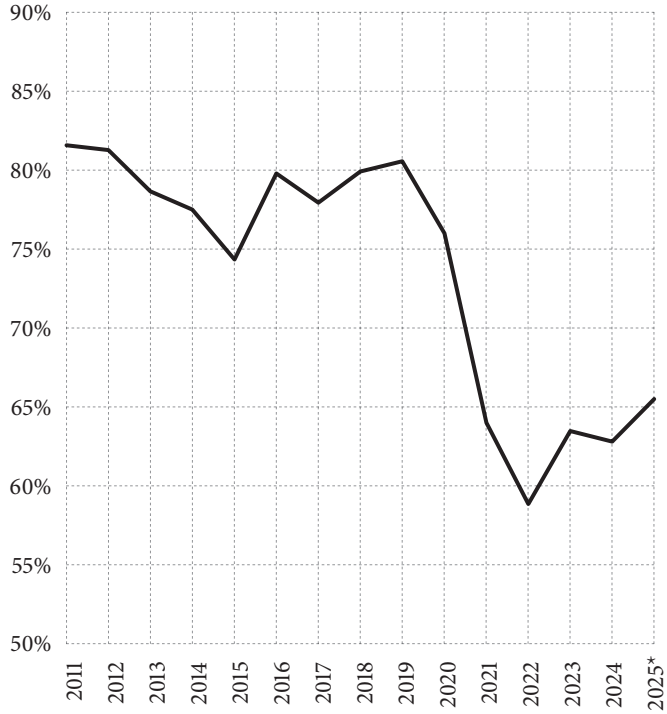
Table 1: *Washington Potato Production and Disposition*

				Disposition		
Crop	Harvested (1,000 acres)	Yield (cwt/acre)	Production (1,000 cwt)	Fresh (1,000 cwt)	Process (1,000 cwt)	Other (1,000 cwt)
2010	134.0	660	88,440	10,647	74,003	3,790
2011	160.0	610	97,600	10,848	75,994	10,758
2012	164.0	585	95,940	10,157	79,924	5,859
2013	160.0	600	96,000	10,282	72,342	13,376
2014	165.0	615	101,475	10,093	78,823	12,559
2015	170.0	590	100,300	9,113	76,550	14,637
2016	169.0	625	105,625	10,833	80,492	14,299
2017	164.0	605	99,220	10,579	78,468	10,172
2018	160.0	630	100,800	9,687	85,553	5,559
2019	164.0	640	104,960	11,615	84,303	9,042
2020	154.5	645	99,653	9,460	81,822	8,411
2021	154.5	595	91,928	7,627	83,335	1,023
2022	164.5	580	95,410	8,599	79,620	7,191
2023	164.5	630	103,635	9,686	85,172	8,778
2024	159.5	620	98,890	9,992	82,040	6,857
2025	139.5	635	88,583	-	-	-

Sources: Production – USDA; Disposition – Washington Potato Commission

Though data on the total value of those sales is not available, we know that the Seattle port district exported $910.53 million worth of frozen potato products during 2023, and $944.78 million during 2024. During the first eight months of 2025 frozen potato exports through the Seattle Port District totaled $642.35 million, down 1.1 percent from the same timeframe in 2024.

Figure 1: *U.S. Frozen Potato Exports: Seattle Port District Share*



* Through August 31

Historically, the Seattle Port District (see Figure 2) has shipped between 75–80 percent of all U.S. frozen potato product exports. However, that percentage dropped to 63.5 percent during 2023, and 62.8 percent during 2024. During the first eight months of 2025, 65.5 percent of the U.S. frozen product exports were shipped through the Seattle port.

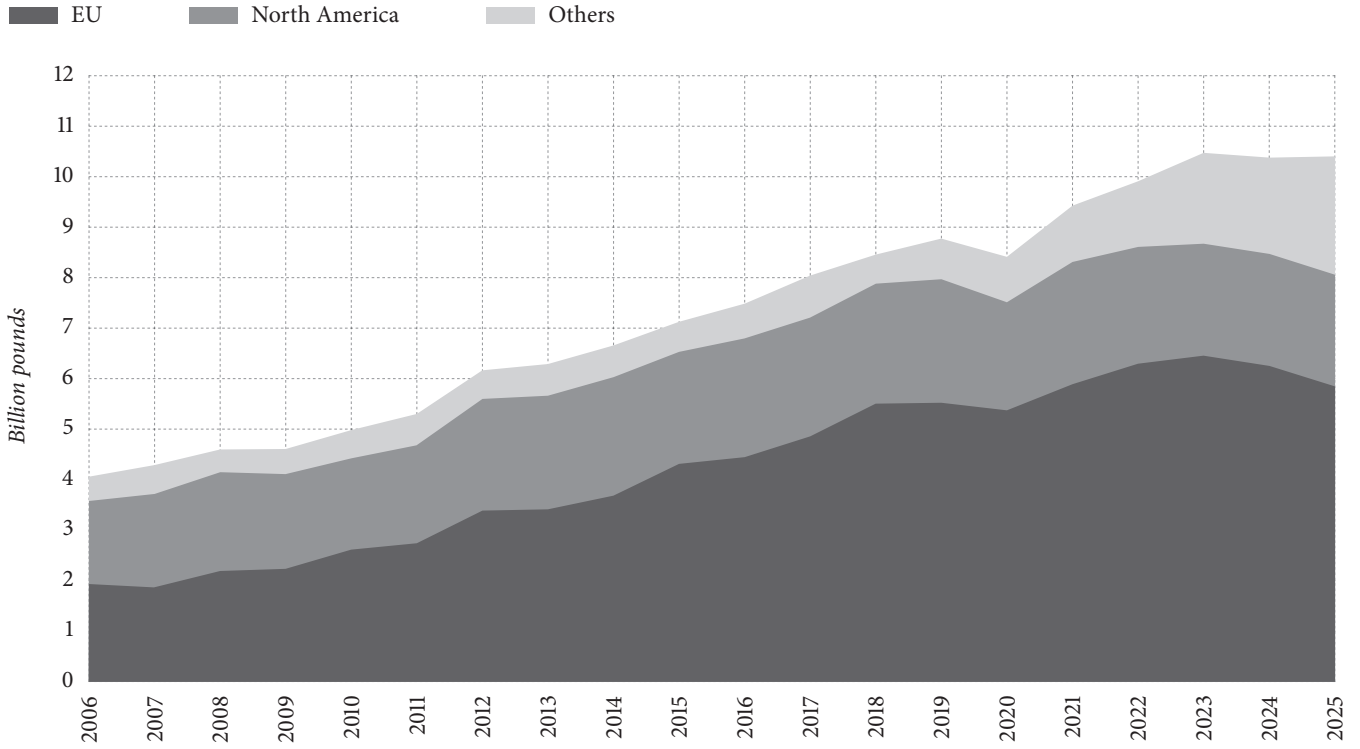
Globally, the outlook for potato markets is complex. Washington's heavy participation in the global French Fry market leaves it exposed to foreign competition. Global French Fry trade outside of local trading zones (North America and the EU) has grown at a 5.1 percent annual rate since 2006. The growth rate had been running at 6.1 percent per year through 2019, but sales dropped during 2020 due to the pandemic. During the year ending August 31, 2025, global French Fry trade rose 0.2 percent above the 2024 export volume, to 10.418 billion lbs.

The global French Fry market is dominated by large processing companies in two geographic areas: North America and the European Union. Together, they supplied 77.6 percent of the product sold to customers outside of their local trading areas during the most recent reporting period. However, since 2006 North America's share of the

Figure 2: *U.S. Census Department's Seattle Port District*

District Code	**Port District Name**				
30	Seattle, WA				
Port Code	**Port Name**	**Port Code**	**Port Name**	**Port Code**	**Port Name**
3001	Seattle, WA	3012	Danville, WA	3025	Metaline Falls
3002	Tacoma, WA	3013	Ferry, WA	3026	Olympia, WA
3003	Aberdeen, WA	3014	Friday Harbor, WA	3029	Seattle-Tacoma Intl Arpt
3004	Blaine, WA	3015	Boundary, WA	3071	UPS, Seattle, WA
3005	Bellingham, WA	3016	Laurier, WA	3072	Avion Brokers @ SEATAC
3006	Everett, WA	3017	Point Roberts, WA	3073	DHL Worldwide Express
3007	Port Angeles, WA	3018	Kenmore Air Harbor, WA	3074	Airborne Express @ SEATAC
3008	Port Townsend, WA	3019	Oroville, WA	3082	Grant County Airport
3009	Sumas, WA	3020	Frontier, WA	3095	UPS Courier Hub, Seattle, WA
3010	Anacortes, WA	3022	Spokane, WA		
3011	Nighthawk, WA	3023	Lynden, WA		

Figure 3: *Global Frozen Potato Product Sales by Origin**



* Excludes intra-EU trade and trade between the U.S. and Canada (Year ending August 31)

Source: IHS Markit – Global Trade Atlas

market has dropped from 40.2 percent to 21.4 percent, while the EU market share has increased from 47.7 percent to 56.2 percent. Smaller exporters including China, Egypt, and Turkey have significantly increased French Fry production and export trade during the past seven years. Their combined exports grew from 598 million lbs. during the year ending August 31, 2018, to 2.338 billion lbs. during the year ending August 31, 2025.

We would expect global French Fry trade to return to the long-term average growth rate of 5.1 percent. At that growth rate, sales could approach 10.950 billion lbs. during the year ending August 31, 2026. Though raw-product supplies in North America are down from last year, processors across North America should be able to run plants at budgeted capacity though the 2025/26 season. The situation in Europe has improved with the 2025 crop. North American fryers will be challenged to expand their market share during the coming year.

North American potato growers produced 536.57 million cwt of potatoes during 2025, including 412.06 million cwt in the U.S. and approximately 124.50 million cwt in Canada. The U.S. potato crop was 1.7 percent smaller than the five-year average. Canada's 2025 potato crop was 3.2 percent larger than the five-year average.

In the Pacific Northwest, where the bulk of U.S. processing capacity is located, production fell by 2.8 percent, to 253.00 million cwt. Despite significant contract volume reductions for the 2025 crop, raw-product supplies for frozen processing appear to be above budget again this year due to strong yields in most of major processing regions of North America. Yields were exceptional for early varieties in the Columbia Basin and in Idaho. Though total production in the Pacific Northwest is down from 2024, it is more than sufficient for local processing needs. Fryers were purchasing contract overages during harvest, but those procurements have mostly ceased. The Midwest processing states should have an adequate supply of raw product to run plants at desired levels this year. PEI processors have purchased production overages from Maine and other areas to cover their supply gap. Overall, the quality of this year's processing potato crop is average or slightly above average, which should support favorable finished product recover rates.

U.S. French Fry imports from EU processors have skyrocketed during the past eight years. Consumers have increased purchases of frozen potato products to meet their needs, due to favorable prices and limited domestic product. The U.S. imported 563.85 million lbs. of frozen potato products (not including imports from Canada) during the year ending August 31, 2025. That is 13.15 million lbs. more than the previous year's record-large purchases, a 2.4 percent increase. However, it is 27.2 percent above the five-year average offshore import volume. Most of the purchases came from the EU, with 369.62 million lbs. coming from Belgium. The U.S. also imported 37.22 million lbs of frozen product from Egypt, 8.59 million lbs from India, and 1.12 million lbs from China during the year ending August 31, 2025. The value of frozen imports totaled $2.15 billion during the period, down from $2.18 billion a year earlier.

Five countries—Belgium, Netherlands, France, Germany, and Poland—are the EU's major French Fry producers and exporters. While North American exports to offshore markets remained flat during the year ending August 31, 2025, EU external exports dropped by 6.5 percent. A recent forecast of potato production in the five EU Fry-exporting countries suggests that their combined 2025 potato crop exceeded 2024 production by 9.1 percent. The production increase could support continued growth in EU French Fry exports during the 2025/26 marketing year. Washington processors, and North American processors in general, will be challenged to maintain their share of the global French Fry market during the next 18 months.

Several factors are impacting Washington's potato industry including:

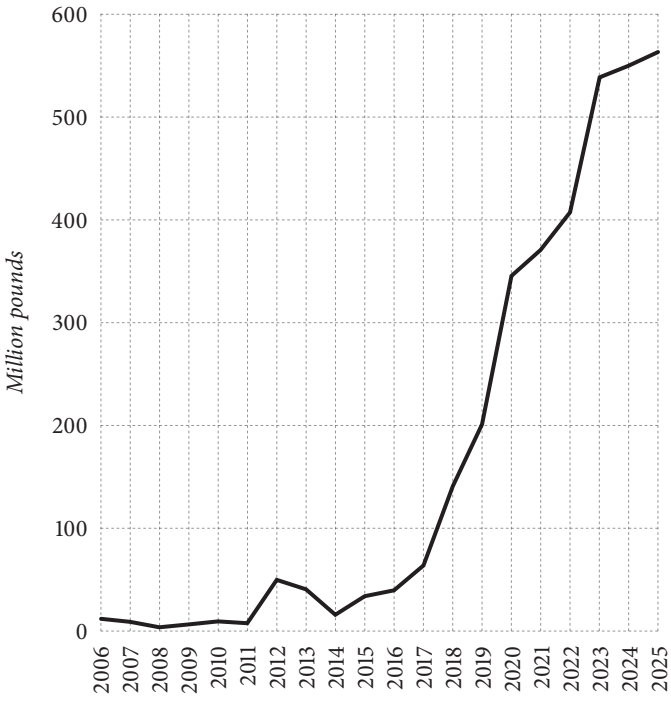
1. Washington growers and processors have just begun negotiating contracts for the 2026 potato crop.
2. Contract volumes for the 2026 crop are still uncertain.
3. Growers are looking for contract price increases to keep up with inflation and rising production costs, but processors are not likely to increase prices significantly given current market conditions.
4. The value of open-market potatoes is well below breakeven during the current market.
5. Fryers will have to compete for additional sales—with increased production EU fryers will be looking to expand their share of the global French Fry business.
6. French Fry production in China, Egypt, and Turkey continues to up, creating more competition for North American processors.

Table 2: *North American Potato Production*

Crop	U.S. (1,000 cwt)	Canada (1,000 cwt)	Total (1,000 cwt)
2010	373,984	97,153	471,137
2011	401,429	92,372	493,800
2012	431,873	100,742	532,614
2013	408,105	102,384	510,489
2014	420,639	100,772	521,411
2015	421,855	104,907	526,762
2016	430,984	105,224	536,207
2017	429,634	106,673	536,307
2018	431,783	102,447	534,229
2019	423,189	105,589	528,778
2020	419,781	104,066	523,847
2021	412,639	121,111	533,750
2022	402,054	123,521	525,575
2023	440,132	126,593	566,725
2024	421,172	128,173	549,345
2025	412,062	124,504	536,566

Sources: USDA and Statistics Canada; Canada 2025 NAPMN projection

Figure 4: *U.S. Frozen Potato Product Imports from Offshore Locations**



*Excludes trade between the U.S. and Canada (Year ending August 31)

Pulse Industry Situation and Outlook

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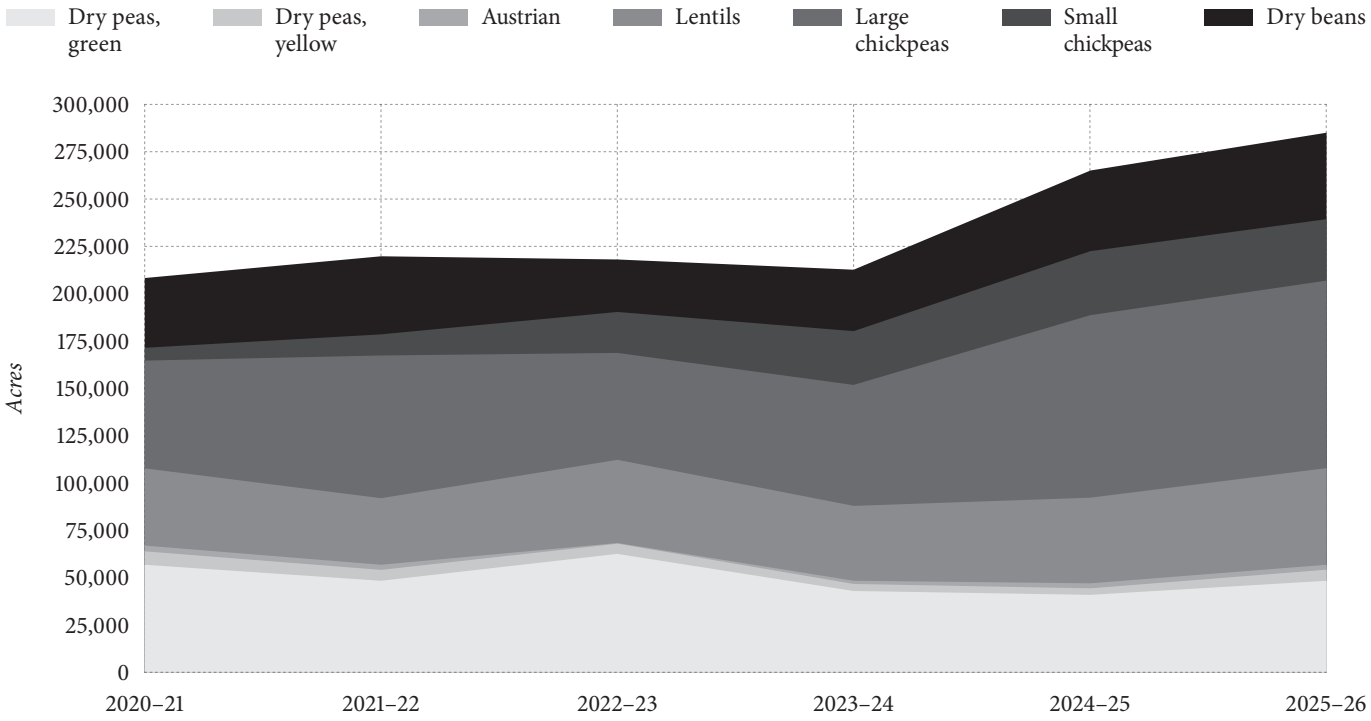
THE 2025 crop year began with a level of optimism that had been building across the pulse industry for the better part of a year. That momentum reached its peak at the USA Pulses Summit, where more than 350 growers, traders, processors, and international buyers gathered just as harvest was getting underway. The debut of the USA Pulses brand and the expanded role of the USA Pulses Trade Association sent a strong message of unity, and global partners responded with enthusiasm. International buyers were optimistic, innovators showcased new pulse-based products, and analysts pointed to opportunities in Africa, Asia, and domestic food sectors. With a successful harvest underway and encouraging signals from export partners, USA Pulses entered the fall with confidence that the industry was positioned for growth despite an uncertain policy landscape.

Millions of dollars in sales were made during the event, and the Summit's unified branding, bold goals, and strong buyer engagement left many participants confident that the industry was entering a period of renewed growth. But the optimism of those few days did not hold. As markets shifted and prices fell in the months after the Spokane event, U.S. exporters found themselves renegotiating contracts, lowering prices, and making concessions no one expected after such a successful gathering. In some cases, deals that felt secure during the Summit simply unraveled, a reminder of how quickly a bullish outlook can turn into a much harsher reality.

Figure 1: *Washington Pulse Crop Commission Chair, grower Jake Dewald, addresses Washington growers at the 2024 Western Pulse Growers Association annual meeting*

Figure 2: *Washington State Planted Pulse Acreage*[*]



* Crop Years 2020–21 through 2025–26 (June through May)
Source: USDA: NASS, USAD: FSA, and USADPLC

A Growing, Confident Pulse Sector in 2025

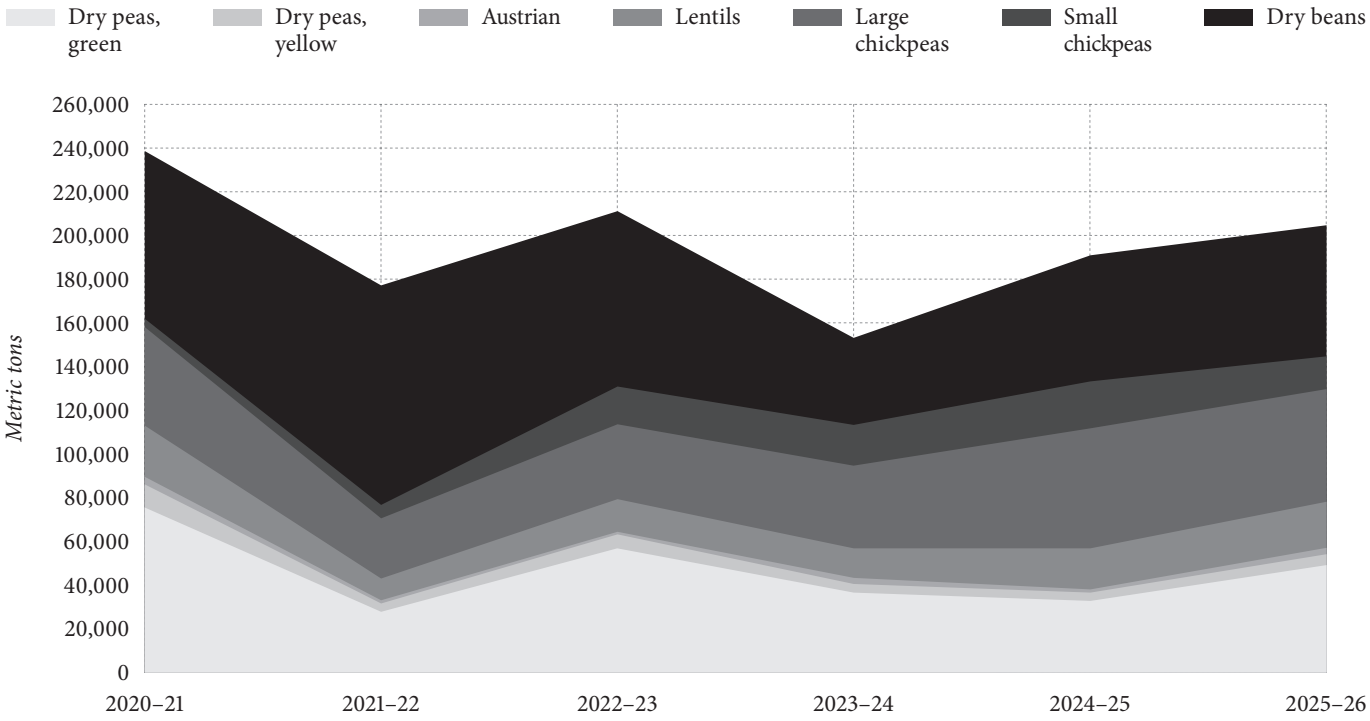
Pulse crop acreage in the United States reflects both the value growers see in these crops and the role they play in wheat-based rotations. In many regions, dry peas, lentils, and chickpeas fit naturally alongside small grains, improving soil structure, fixing nitrogen, and breaking disease and weed cycles. When prices are stable and markets are open, growers respond and acreage moves upward. Yet pulse acreage still reacts more sharply to market signals than the big commodity crops, partly because pulses do not have the same backing in federal programs. However, the driving factor in expanding acreage is price, and the industry is hurting in that arena at the moment.

On the surface, 2025 looked like a banner year for U.S. pulse production. By harvest, the U.S. had delivered one of its largest combined pulse crops in recent memory, including roughly 965,000 metric tons (MT) of dry peas, just over 500,000 MT of lentils, and about 350,000 MT of chickpeas, one of the highest totals for that crop group in three decades.

Dry pea acreage climbed past 1.1 million harvested acres. Lentils surpassed a million acres for the first time since 2017. Chickpeas, both large and small, added acreage as well. Together, these crops signaled a sector prepared to meet growing interest in plant proteins, fiber-rich foods, and sustainable rotations.

Washington shared in this momentum. The state expanded planted acres in nearly every pulse category, pushing total pulse and dry bean acres above 285,000. As shown in Figure 2, Washington's planted acres had expanded steadily across most pulse categories heading into the 2025 season. Green pea acres rebounded, lentils posted their strongest acreage in years, and Washington maintained one of the nation's largest footprints in kabuli chickpeas. The acreage increases carried through into harvest, where

Figure 3: *Washington State Pulse Crop Production**



* Crop Years 2020–21 through 2025–26 (June through May)
Source: USDA: NASS, USAD: FSA, and USADPLC

statewide production rose to more than 203,000 MT and growers brought in clean, uniform crops under generally favorable conditions.

As shown in Figure 3, Washington's pulse production rebounded sharply in 2025, reflecting stronger acreage, better conditions, and a return to volumes not seen since the early part of the decade. Green peas, chickpeas, and dry beans delivered solid production gains, helping cement Washington's position as one of the country's most dependable pulse-producing regions.

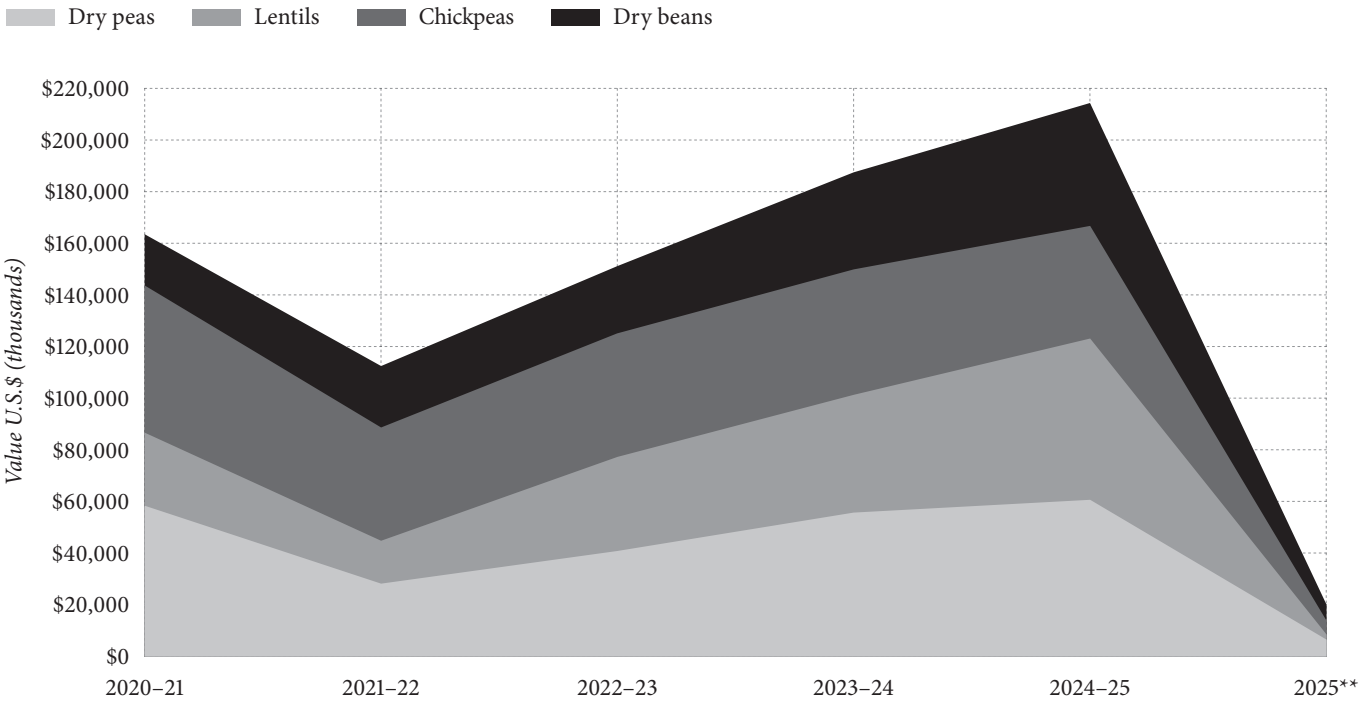
From a bird's eye view, the pulse sector appeared to be entering the new marketing year on solid footing. Up to this point, the story had been one of growth, investment, and a market poised to absorb larger crops. The strong 2025 crop landed in a market already under pressure from global trade shifts, stalled food aid demand, and heavy North American supplies.

Washington Export Momentum and the 2025 Slowdown

Washington entered the 2025 season with strong export momentum. Over the past five years, the state's combined exports of all pulse crops climbed from about $164 million to more than $214 million, a gain driven by steady demand for green peas, expanding lentil shipments, and rising dry bean sales. Figure 4 illustrates this climb, showing Washington's rising export values across dry peas, lentils, chickpeas, and dry beans over the past five crop years. This growth underscored Washington's role as one of the country's most export-oriented pulse states.

That momentum stalled as the 2025 marketing year opened. Export value through August totaled just $19.3 million, a sharp slowdown compared to recent years and an early indication that tariffs, weaker global demand, and other pressures were beginning to constrict movement. This

Figure 4: *Washington State Pulse Crop World Exports**



* Crop Years 2020–21 through 2025 (June through May)

** Crop Year 2025 through August 2025

Source: USDA: NASS

slowdown was compounded by unusually heavy national inventory, including more than 14 percent of the previous year's pea supply, nearly 14 percent of lentils, and more than 20 percent of chickpeas. These carryover volumes crowded the pipeline before the new crop even arrived.

Dry Beans: A Steady Contributor

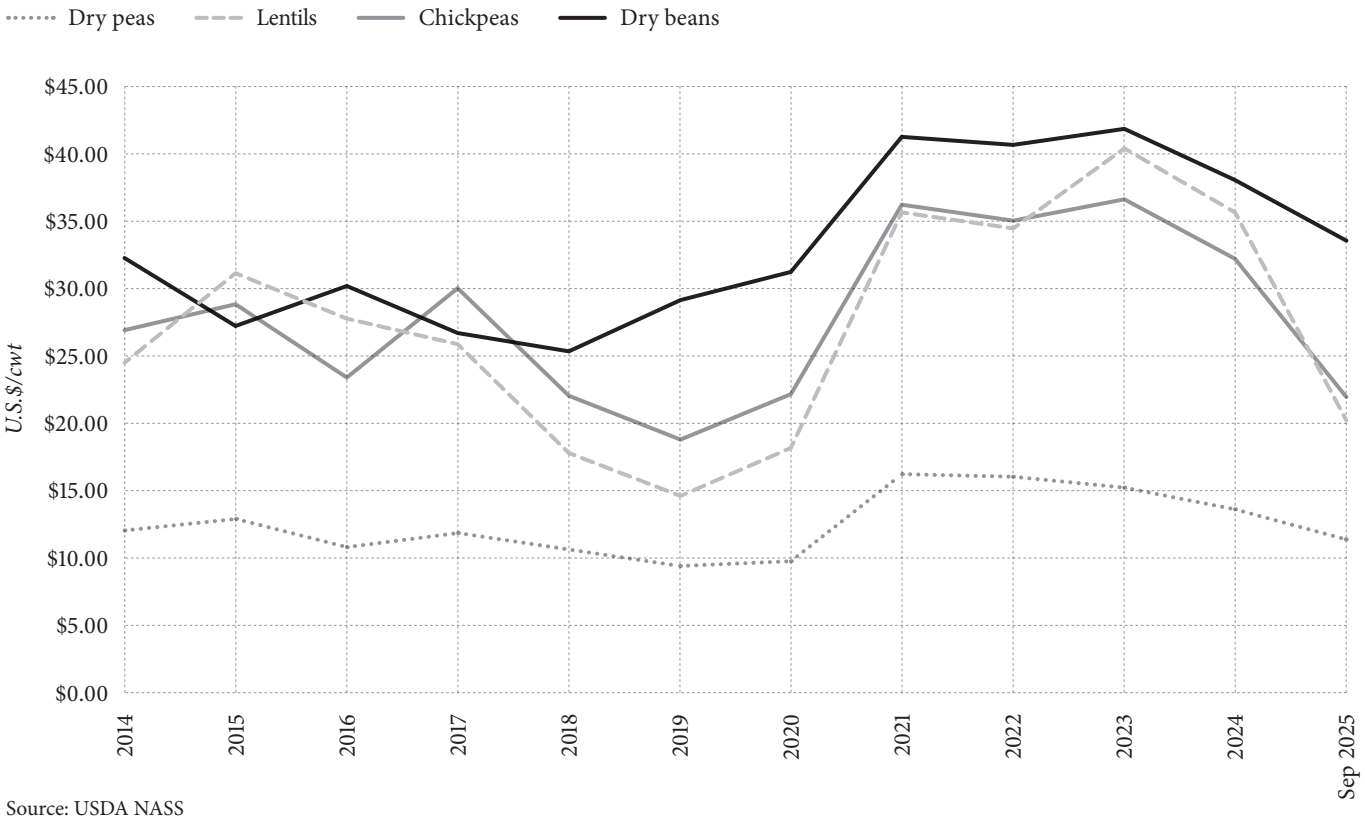
Dry beans are often overlooked in discussions of Washington's pulse economy, yet the state's data tells a consistent story. Dry bean acreage has remained stable over time, rising from roughly 37,000 acres in 2020 to nearly 45,000 acres in 2025. Production has followed suit. Washington delivered more than 58,000 MT of dry beans in each of the past two seasons, rebounding after a weather-affected dip in 2023. Exports reinforce that picture. Washington dry bean shipments rose from about $20 million in 2020 to nearly $48 million in 2025. Even as other pulse categories experienced sharper swings, dry beans continued to build value, becoming one of the state's highest-earning export legume categories.

Price Collapse Across the U.S. Pulse Sector

The 2025–26 marketing year opened with some of the steepest price declines the pulse sector has seen in decades, and growers felt it right away. Figure 5 shows how price declines affected every major pulse category in 2025, reinforcing the downward trend that growers experienced across dry peas, lentils, chickpeas, and beans. According to national market data, prices that began the year at relatively strong levels fell through spring and summer as larger acreage, strong yields, and weaker export demand built unusually heavy supplies across North America.

Dry peas were the first signal of trouble. Green pea prices that opened the year around 16¢/lb slid to roughly 12¢/lb by October, and yellow peas moved from the low teens toward 8–9¢. Lentils followed a similar path, dropping from

Figure 5: *Grower Average Yearly Price*



Source: USDA NASS

about 35¢/lb to the mid-teens, the lowest level in nearly 20 years. Chickpeas saw the steepest decline. Large caliber kabulis fell from the mid-30s to roughly 18¢/lb, and small chickpeas dropped to around 10¢/lb, marking the lowest inflation-adjusted prices in the 30 years of available data.

Several forces converged to create these conditions. Expanded acreage pushed U.S. supply to some of the highest levels on record, and Canadian production added further volume to international channels. At the same time, India's tariff on yellow peas removed a major market, and food aid procurement remained stalled. Together, these pressures drove prices sharply lower across the sector, and there was no easy outlet to soften the blow.

Food Aid Collapse

For many years, international food aid programs provided a reliable outlet for pulses, especially in seasons marked by low prices or minor quality issues. That outlet has largely disappeared. Since 2022, federal procurement for international food aid has fallen to almost zero, and the State Department has issued very few tenders for pulse crops. USA Pulses has requested new purchases for both domestic and international assistance programs, and domestic procurement has begun to pick up slightly.

Tariffs and Trade Barriers Add to the Pressure

One of the more unwelcome surprises of the 2025 season arrived on October 31, when India imposed a 30 percent tariff on yellow peas. India is the largest pulse-consuming nation in the world, and the tariff effectively closed that market overnight. The U.S. had just harvested one of its largest pea crops in years, and the loss of access to a major destination added pressure to the system. For Washington growers, who contribute a steady share of the nation's green and yellow pea supply, the tariff became another

constraint in a year defined by heavy supplies and limited export flexibility.

Irons in the Fire

Even as global markets create real obstacles this season, USA Pulses continues advancing key initiatives in nutrition policy, consumer awareness, and long-term demand building.

One key priority is the Dietary Guidelines for Americans (DGA). USA Pulses has been in regular contact with USDA and HHS throughout the process, encouraging a stronger focus on nutrient-dense foods that help address chronic disease and fiber gaps. The DGA Advisory Committee has already signaled recognition of the value of pulses, giving the crop group a solid foundation as the final document is prepared.

Our consumer awareness efforts are also moving forward, including development of a Pulse Badge with a partner organization that has experience creating trusted USDA labeling programs. The goal is to give retailers, schools, and consumers a clear front-of-pack symbol that signals nutritional value, similar to how the Whole Grains Stamp functions for grain-rich foods.

USA Pulses has also engaged with FDA as the agency considers how to define and regulate ultra-processed foods. The organization emphasized that nutrient quality, not processing category, should be central to the definition. This matters for pulses because pulse ingredients appear in foods that deliver fiber, protein, and other essential nutrients.

Even with the headwinds of 2025, the Washington State pulse sector remains anchored by growers who continue producing high-quality crops and by an industry that refuses to sit still. The year brought setbacks that no one expected coming out of the Summit, but it also clarified where new opportunities and stronger footing may come from. As markets adjust and policy work continues, the organizations that support this industry are keeping their focus on long-term demand, clear communication, and the kind of steady progress that helps growers weather difficult seasons and prepare for better ones ahead.

Forestry Sector Review

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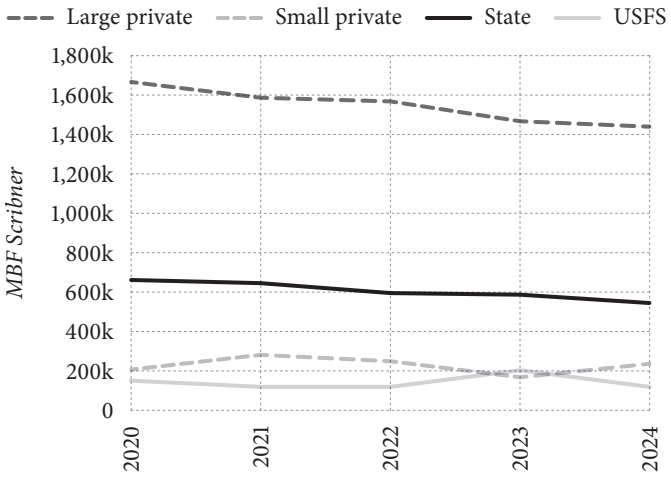
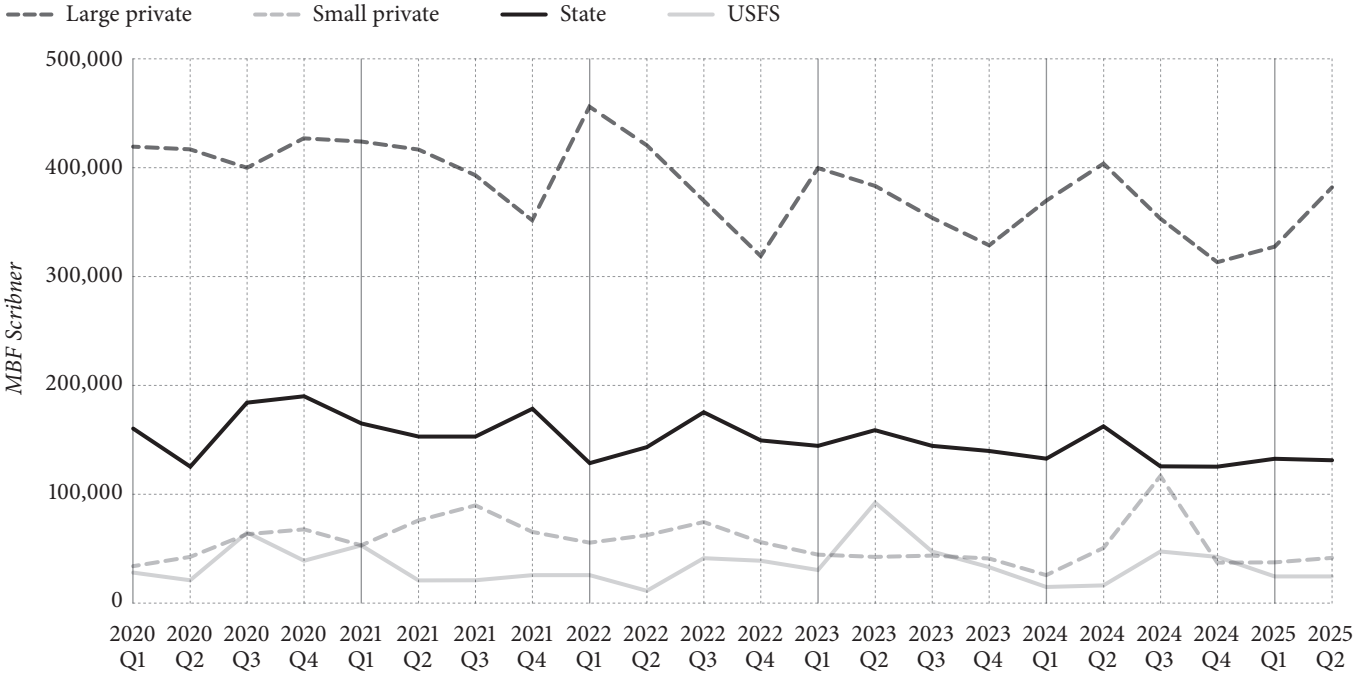
WASHINGTON'S Forest Practices Board took more acres of timberland out of production, this time 200,000 acres, voting 7–5 to require loggers to expand buffer zones around non-fish bearing streams. Forest landowners will lose $2.8 billion of harvestable timber due to the new buffers. The Washington Forest Protection Association (WFPA) estimates the loss of harvestable timber could supply 1–2 sawmills, 2,000 jobs, and up to 15,000 homes per year. These are non-fish bearing streams, *no fish are present*, and there is no documented water quality harm. Private forests already meet the highest standard for environmental management. The new rule sacrifices real environmental and economic gains for no guaranteed benefit.[7] Unfortunately, this is just another strike in a long running assault on forest owners in the state. Washington's timber harvests, lumber production, and log and lumber exports continue to decline.

Figure 2: *Washington State Timber Harvests by Ownership (Annual Data)*



Source: Washington Department of Revenue (fiscal years)

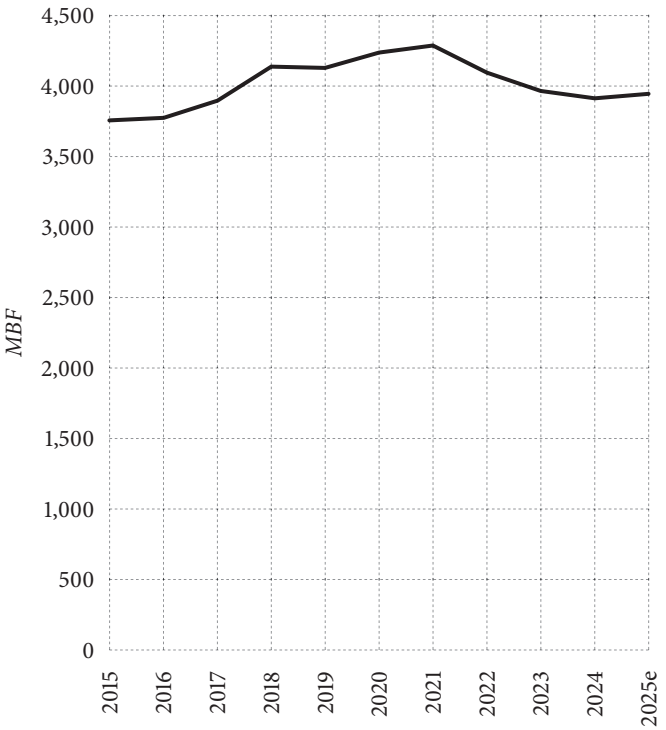
Figure 1: *Washington State Timber Harvests by Ownership (Quarterly Data)*



Source: Washington State Department of Revenue (fiscal years)

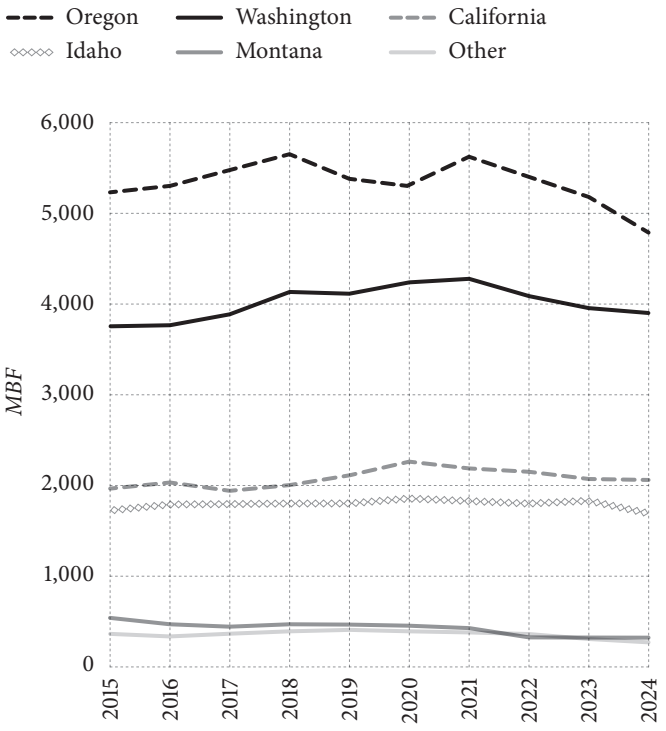
7 https://www.wfpa.org/wp-content/uploads/2025/07/Np_Buffer_Rulemaking_Key_Points_web_072125.pdf

Figure 3: *Washington State Softwood Lumber Production*



Source: Western Wood Products Association

Figure 4: *Western States Lumber Production*



Source: Western Wood Products Association

Not that it is any consolation, but Oregon is taking timber off the market even more aggressively, causing lumber production to fall faster and narrowing the gap between production in the two states, which are by far the leading lumber producers in the U.S. West.

A decade earlier, Japan and China were the best customers for Washington softwood lumber, but both have been declining for the past 10 years. Europeans, who supply the size dimensions Japan demands, have been taking market share for more than a decade. And over the past several years the Japanese government has heavily subsidized domestic timber harvest, lumber production, and usage due to a preponderance of overmature hinoki and sugi in Japan's forests. The trade war with China in 2018 was the "last nail in the coffin" of a declining trade relationship that has never recovered.

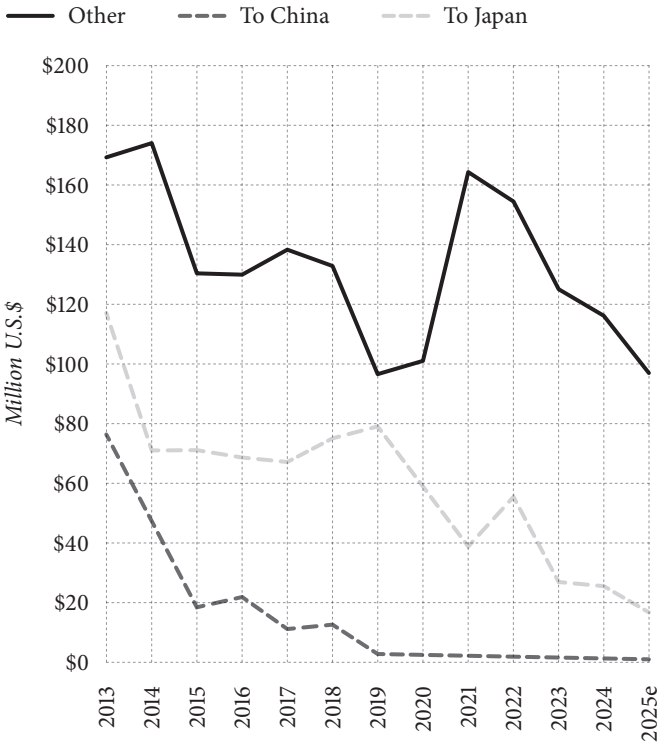
Likewise, log exports to both Japan and China have been negatively impacted for similar reasons, i.e., Japan's subsidies for the domestic timber and lumber industry, and trade conflict with China. China banned imports of U.S. softwood logs, officially due to concerns about insufficient fumigation and higher risk of wood-borne pests, but the ban followed trade restrictions President Trump imposed in March and was obviously a retaliatory measure taken by the Chinese. That ban was in place until November 10, significantly reducing Washington's log exports to China. A 10 percent retaliatory tariff remains in effect for U.S. goods, further restricting trade with China.

One of the saddest consequences of the U.S. trade war with China that began during the first Trump administration in 2018 is the impact of Washington's hardwood exports. In Figure 7 you can see how what was a $60 million export business to China was devastated by the trade war. What was lost in China was not replace by any other market, and production capacity in Washington has been significantly constrained. This was good business for Washington producers, destroyed by politics.

Overall, Washington's exports of wood products (Figure 8) and pulp (Figure 9) have been declining since 2021.

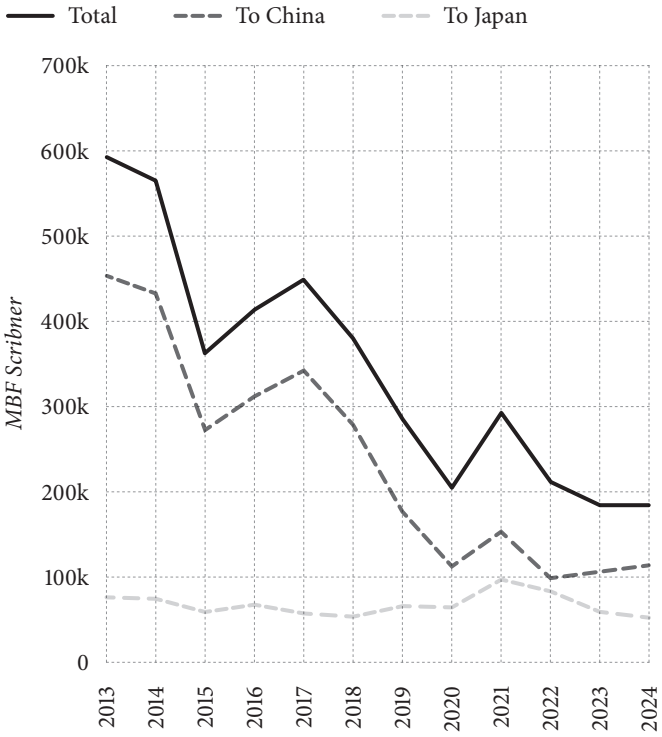
Despite the lower timber supply, prices have not gone up as one would expect with less supply (Figure 10). For a number of reasons—economic uncertainty, tariffs, higher interest rates, etc.—lumber prices have declined to pre-COVID early 2020 levels (Figure 11). The U.S. imports about one-third of the softwood lumber we consume, most of it from Canada. Despite U.S. tariffs on Canadian softwood lumber that are a combination of anti-dumping and countervailing duties (AD/CVD) and new Section 232

Figure 5: *Washington State Softwood Lumber Exports*



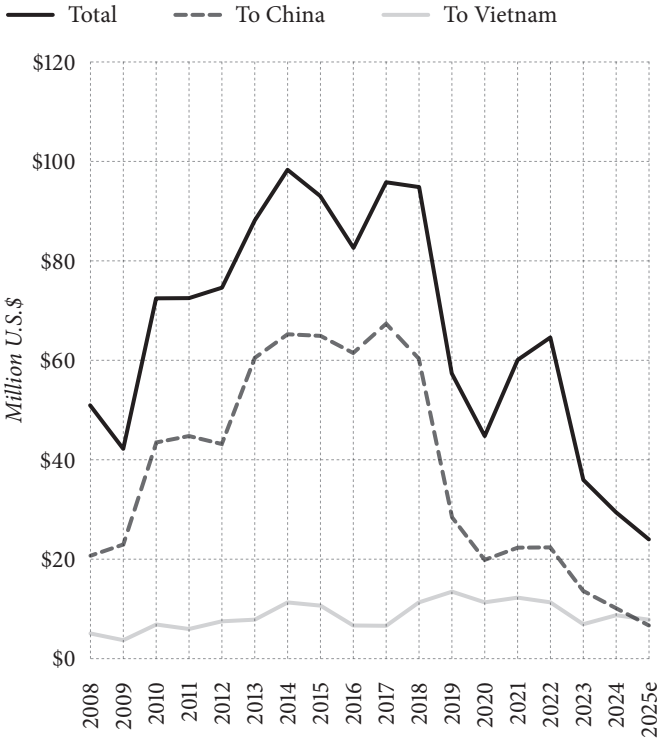
Source: U.S. Census Bureau, USA Trade Online

Figure 6: *Washington State Conifer Log Exports*



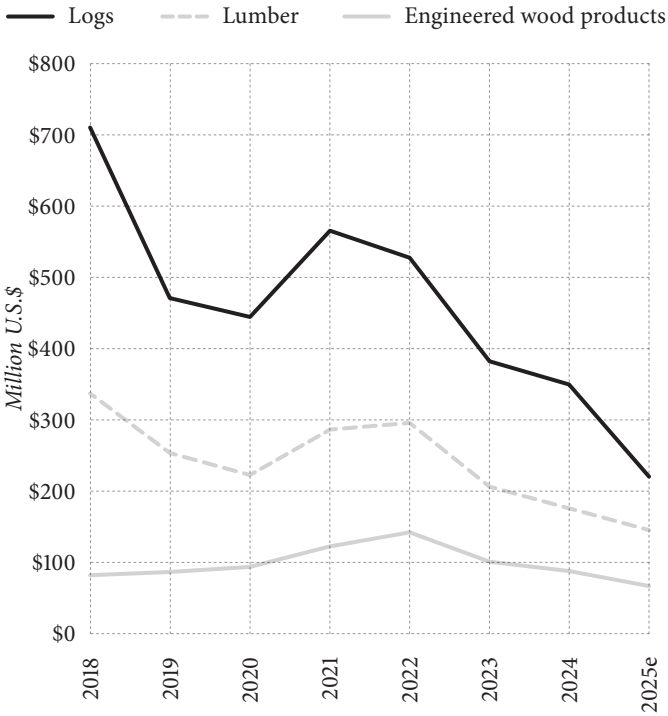
Source: Western Wood Products Association

Figure 7: *Washington State Alder Lumber Exports*



Source: U.S. Census Bureau, USA Trade Online

Figure 8: *Washington State Log, Lumber, and Engineered Wood Exports*



Source: U.S. Census Bureau, USA Trade Online

Figure 9: *Washington State Pulp and Paper Exports*

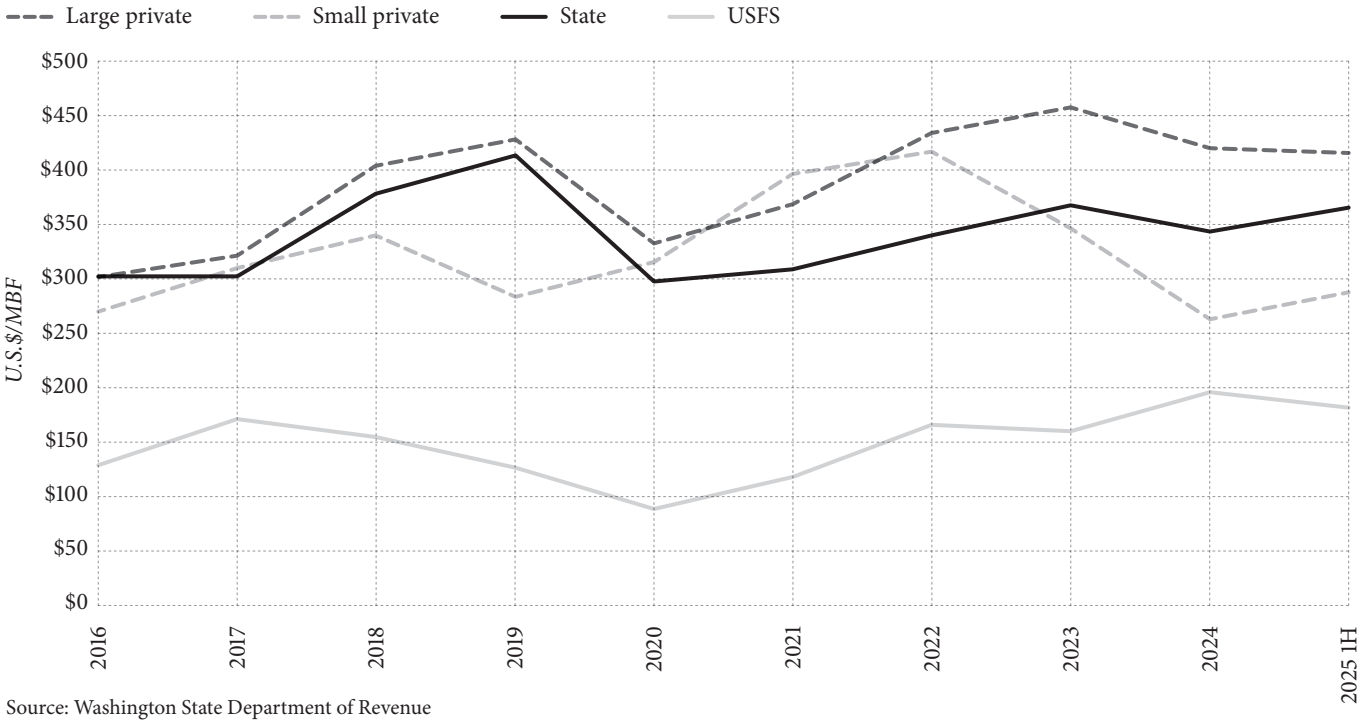
Source: U.S. Census Bureau, USA Trade Online

tariffs, resulting in total rates over 40-45 percent for many Canadian producers, prices for softwood lumber in the U.S. have fallen and mills are struggling.

Economic policy uncertainty is at a record high (Figure 12). Increasing and frequently changing tariff rates and trade rules have disrupted normal trade patterns. Some may applaud these changes, but they have clearly not been good for U.S. exporters or U.S. consumers.

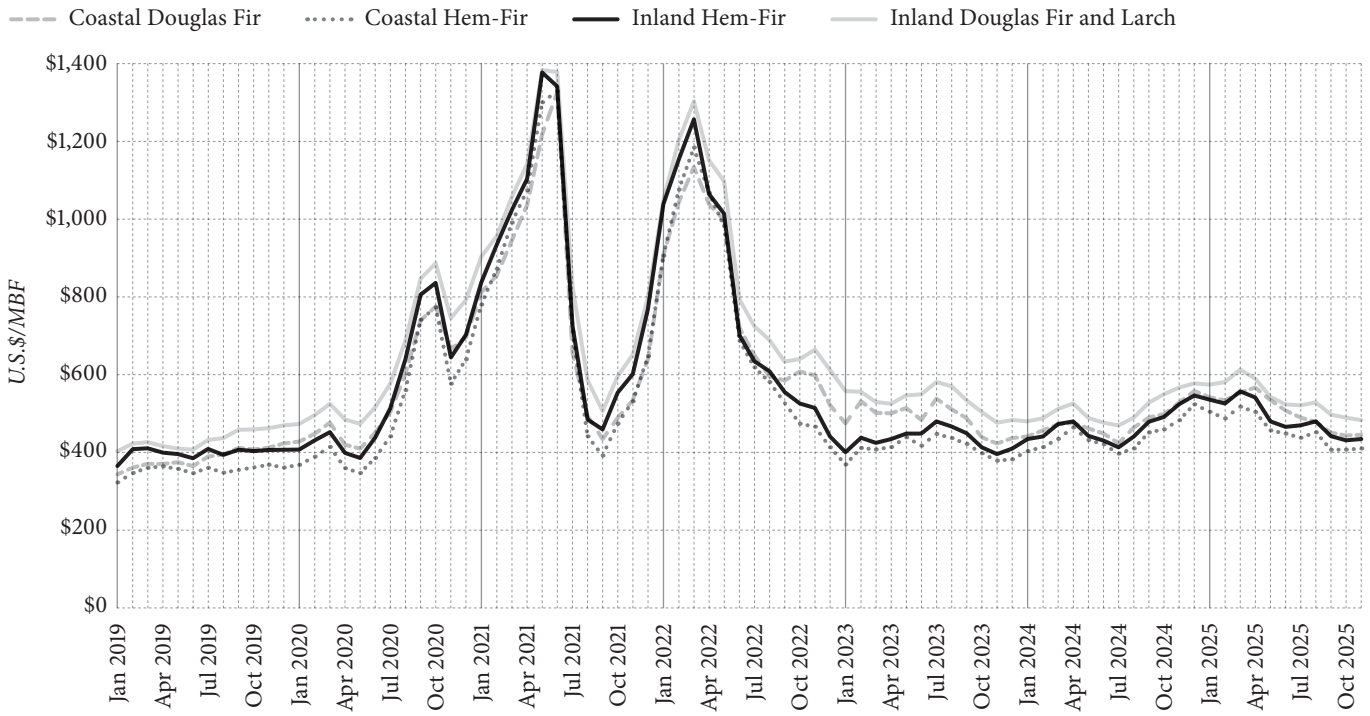
By far the largest driver of lumber demand in the U.S. is housing starts and repair and remodel. Both are down due to higher interest rates. U.S. housing supply is significantly undersupplied (homeowner vacancy is below 1 percent), but buyers face an "affordability challenge" with the median price of a single-family home now over $400,000 and a 20 percent down payment now the highest it has ever been. The qualifying income for a median-priced existing single-family home is now over $100,000 but actual median income is $79,345. The Trump administration is advocating for lower interest rates to help with housing affordability (i.e., lower mortgage rates) but higher tariffs on softwood lumber from Canada and imported cabinets, furniture, flooring, and other building materials is exacerbating the affordability problem.

Fig. 10: *Washington State Average Timber Prices*



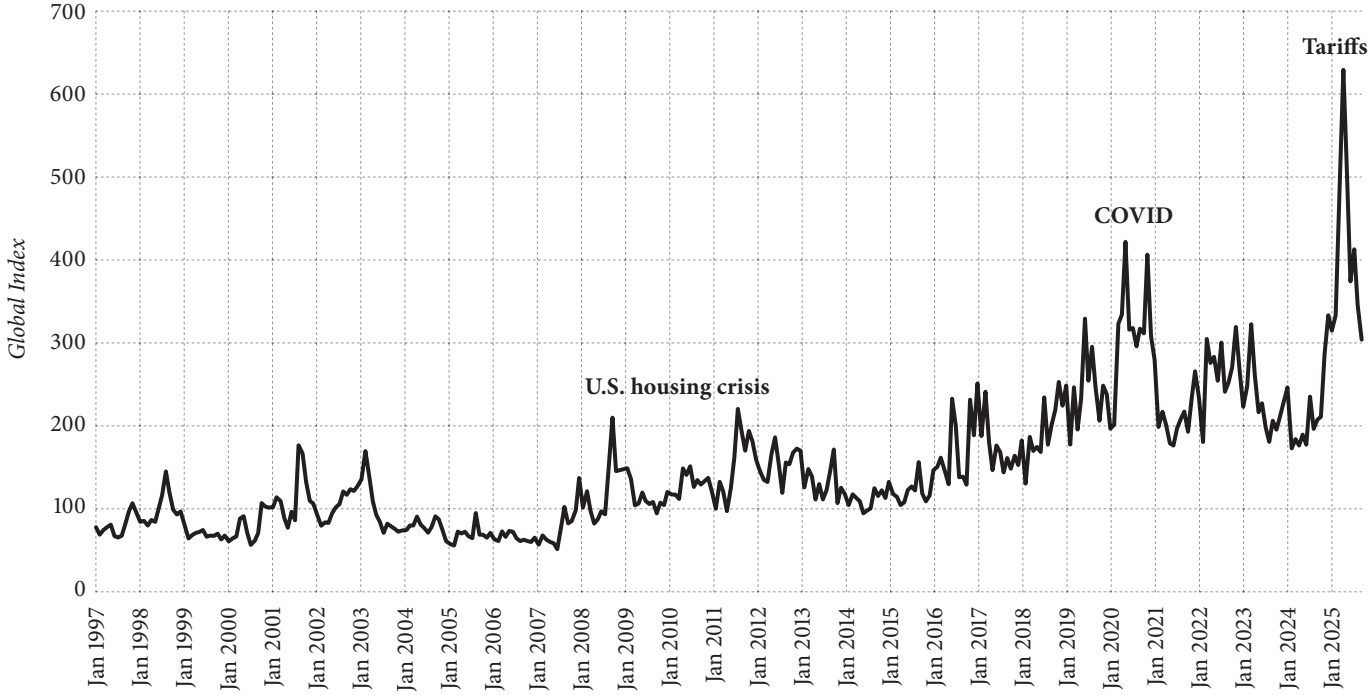
Source: Washington State Department of Revenue

Fig. 11: *Pacific Northwest Coastal and Inland Lumber Prices*



Source: Western Wood Products

Fig. 12: *Economic Policy Uncertainty*



Source: Baker, Bloom, Davis. https://www.policyuncertainty.com/index.html

Macroeconomic Conditions and Washington Agriculture: 2026 Outlook

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As we approach the close of 2025 and look towards 2026, the global economy continues to be marked by uncertainty, particularly due to rapid shifts in trade policy. The outlook is more pessimistic than optimistic, with growth projected to slow, though there are signs of resilience. The promise of artificial intelligence (AI) is a bright spot in the economy as it spurs capital investment, though concerns remain regarding its effect on the labor market. In the United States, the labor market has cooled and, though inflation has slowed, it remains stubbornly above the Federal Reserve's target. Meanwhile, the agricultural sector faces distinct headwinds, including shifting trade patterns, softening commodity prices, and rising financial and regulatory pressures, particularly evident in areas like Washington State.

World Status and Outlook

Global real output in 2025 slowed slightly and is expected to do so again in 2026. Advanced economies are projected to maintain a modest growth pace in 2025 and 2026, largely supported by AI-driven technological innovation spurring investment. Emerging markets and developing economies are projected to show stronger growth rates than advanced economies, as expected, but this growth is expected to slow from 2025 to 2026. Globally, inflation is expected to continue to cool following the inflationary spikes brought on by the pandemic.

Growth of world trade remained solid in 2025 but is forecast to slow significantly in 2026. As a result of increased tariffs on imports imposed by the United States over the course of 2025, importing by advanced economies and exporting by emerging markets and developing economies will slow especially dramatically in 2026. Table 1 presents the estimated actual data for 2024 and forecasts for 2025 and 2026 from the perspective of late 2025.

United States Status and Outlook

For the United States, real GDP growth slowed in 2025, but there has been no recession despite some warning signals and a government shutdown. The economy is expected to slow again in 2026. The major driver of this growth trend is decreased consumer spending, as consumer spending is the largest share of GDP. Investment, by contrast, is

Table 1: *2025 IMF World Economic Outlook Annual Percent Changes*

		2024	2025*	2026**
World Output		**3.3**	**3.2**	**3.1**
Advanced Economies		1.8	1.6	1.6
Emerging Markets and Developing Economies		4.3	4.2	4.0
World Trade Volumes		**3.5**	**3.6**	**2.3**
Imports	Advanced Economies	*2.1*	*3.1*	*1.3*
	Emerging Markets and Developing Economies	*5.6*	*4.3*	*4.0*
Exports	Advanced Economies	*1.8*	*2.1*	*1.7*
	Emerging Markets and Developing Economies	*6.5*	*5.9*	*3.3*
Consumer Prices		**5.8**	**4.2**	**3.7**
Advanced Economies		2.6	2.5	2.2
Emerging Markets and Developing Economies		7.9	5.3	4.7

Source: IMF World Economic Outlook 2025.4

* Based on projections for Q4

** Projections

Table 2: *2025 Congressional Budget Office Budget and Economic Outlook*

	2024	2025*	2026**
Real GDP			
Percentage Change, Annual Rate	2.3%	1.9%	1.8%
Inflation			
Annual Percentage Change in CPI	2.7%	2.3%	2.4%
Unemployment			
Unemployment Rate, Civilian, 16 Years or Older	4.1%	4.3%	4.4%
Interest Rates			
10-Year Treasury Note	4.2%	4.1%	3.9%
3-Month Treasury Bill	5.0%	3.8%	3.3%
Effective Federal Funds Rate	5.1%	4.0%	3.5%

Source: Congressional Budget Office

* Based on forecasts of Q2–Q4

** Forecasted

expected to remain robust, driven by continued technological advancement through AI.

The labor market softened from 2024 to 2025, and the unemployment rate is expected to rise again in 2026. Inflation continued to moderate but is expected to remain above the Federal Reserve's target of 2 percent. The Fed significantly eased monetary policy in 2025, with concerns about unemployment outweighing concerns about inflation. Short-term interest rates are expected to to fall further in 2026, though not as dramatically. Fiscal policy will likely remain a key discussion point, with ongoing debates around government spending, debt levels, and tax policies. Table 2 provides the estimated actual data for 2024 and forecasts for 2025 and 2026.

Washington Agriculture's Relationship to the Macroeconomy

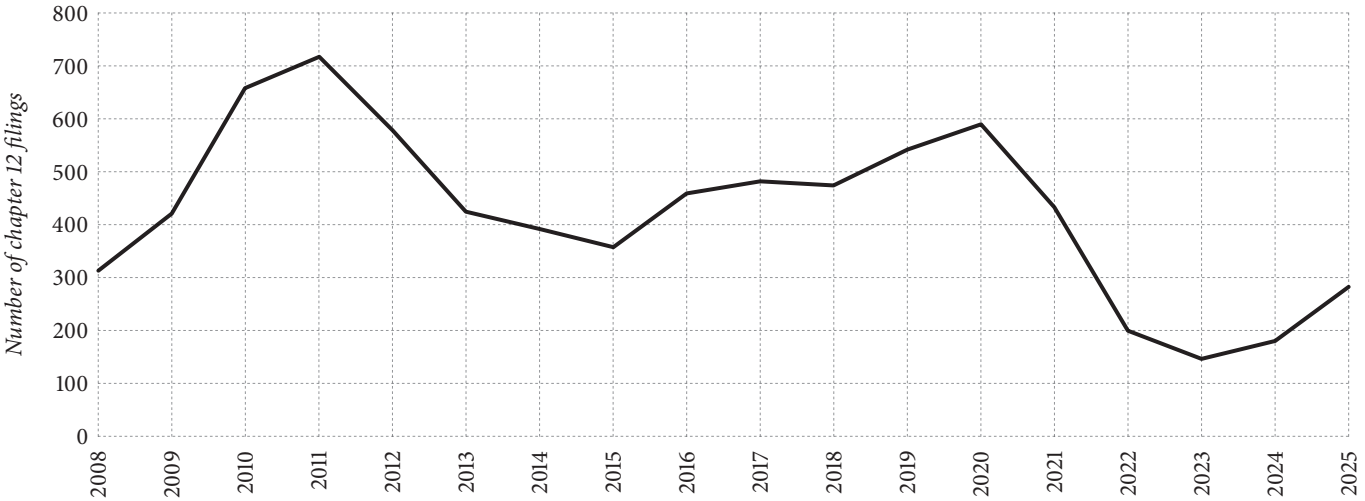
Both the Food and Agriculture Organization of the UN and the USDA project a continued rise in global agricultural production, driven primarily by technology adoption in middle-income nations. This increased supply, coupled with declines in key input costs, is expected to lead to a continued softening of commodity prices.

Meanwhile, global trade faces major disruption amid tariff policy changes and uncertainty. Washington agriculture remains highly reliant on foreign markets, but the outlook for its key export destinations is shifting. While Asia has historically served as a dominant buyer of Pacific Northwest agricultural products, U.S. and Washington exports to Asia are projected to decline. This shift, exacerbated by ongoing trade disputes and disruptions, poses significant challenges for Washington growers.

U.S. farms continue to see headwinds with bankruptcies trending back up in recent years. This reflects the broader challenge of lower profit margins for growers, especially as farm loan repayment is expected to turn negative in 2026 due to limited exports and soft prices. The strong farm incomes experienced in 2024 and 2025 are therefore projected to soften unless government payments are increased. Figure 1 shows historic annual chapter 12 filings while Figure 2 shows the distributions of chapter 12 filings for 2025.

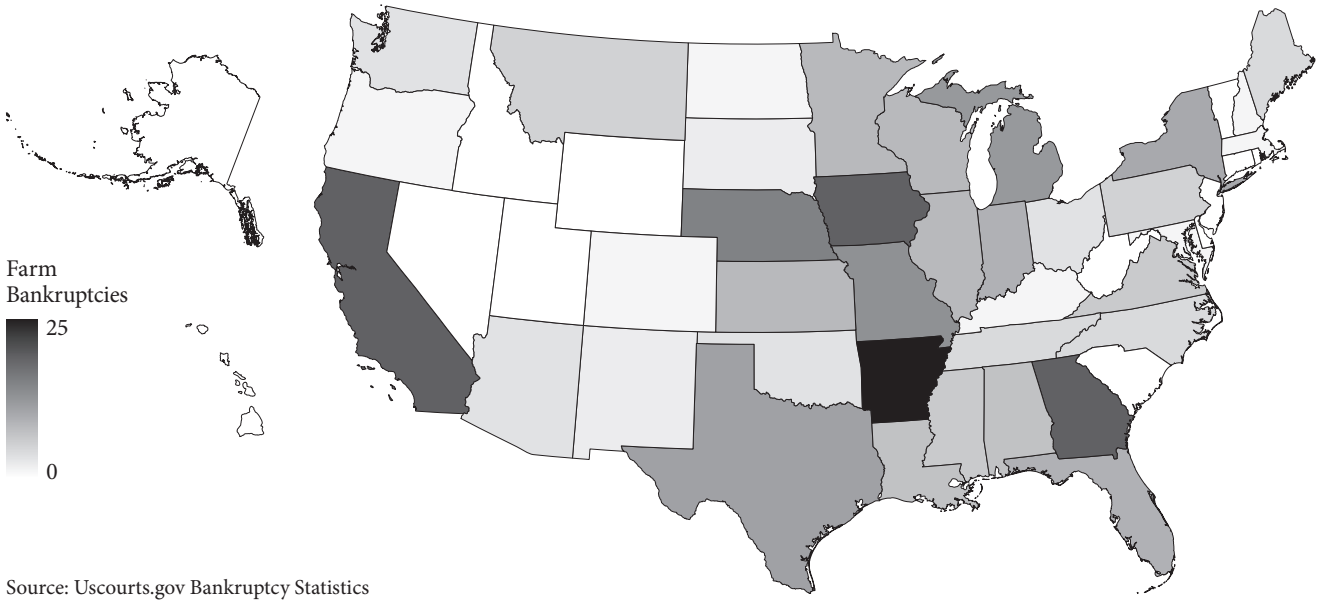
In terms of farm bankruptcies, Washington is not among the hardest-hit states, and much farm debt has been paid down. But there are additional challenges. Interest rates on operating and real estate remain high for agriculture, well above the 4 percent farmers grew accustomed to during the Great Recession. Input costs for farmers, while having seen some declines in key areas, are still a concern. In Washington, rising emissions from agricultural production are expected to come under scrutiny, and Olympia continues to pressure agriculture on input and factor costs, adding to the operational burden for farmers.

Figure 1: *Chapter 12 Farm Bankruptcy Filings (2008–2025)*



Source: Uscourts.gov Bankruptcy Statistics

Figure 2: *2025 Farm Bankruptcies by State*



Source: Uscourts.gov Bankruptcy Statistics

Summary

In summary, the macroeconomic outlook for 2026 suggests a global environment of slowing growth and trade, and the United States is no exception to this trend. The agricultural sector, particularly in Washington, faces an especially challenging landscape. Despite some moderation in input costs, strong headwinds include softening commodity prices due to increased global supply and declining exports to crucial Asian markets. The national trend of increasing farm bankruptcies and lower profit margins is a significant concern, compounded in Washington by state-level environmental and regulatory pressures. Strategic planning focusing on cost efficiency, market diversification beyond traditional Asian markets, and engagement with policy makers will be paramount for Washington's agricultural sector to navigate these challenges and secure its long-term viability.

SECTION II. SPECIAL FOCUS

Freight Transportation Situation and Outlook

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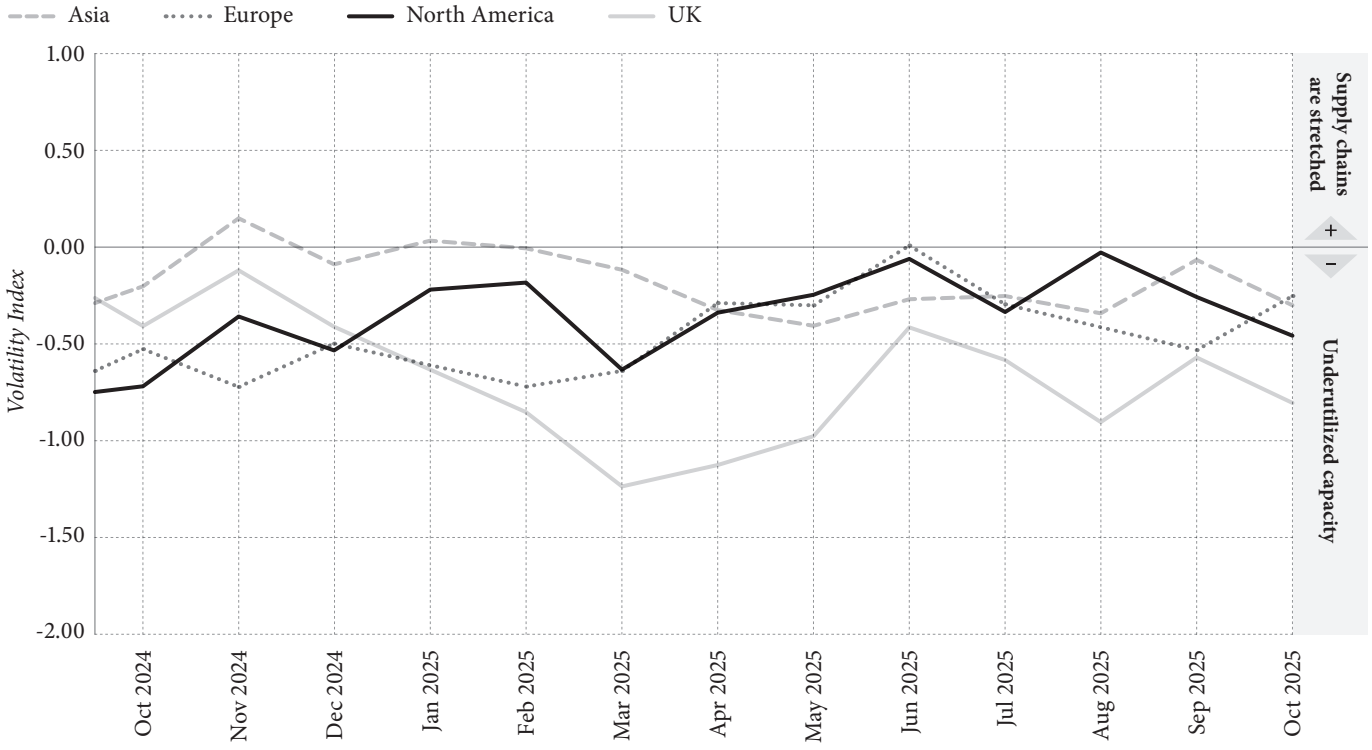
WASHINGTON'S diverse agricultural economy relies on markets, both domestic and abroad. Transportation is critical to providing market access for the wide variety of products produced in the state and region and consumed all over the world. Globally, transportation and supply chain services are grappling with trade disruptions created by the imposition of U.S. tariffs, ultimately resulting in reduced demand for transportation services and excess supply chain capacity. The GEP Supply Chain Volatility Index, produced by the global market intelligence firm, S & P Global, illustrates the excess capacity that has increased throughout 2025 and is expected to continue to have slack capacity into 2026 (Figure 1) as the demand for manufacturing, retail products and inputs recedes.

Figure 1: *GEP Supply Chain Volatility Index*

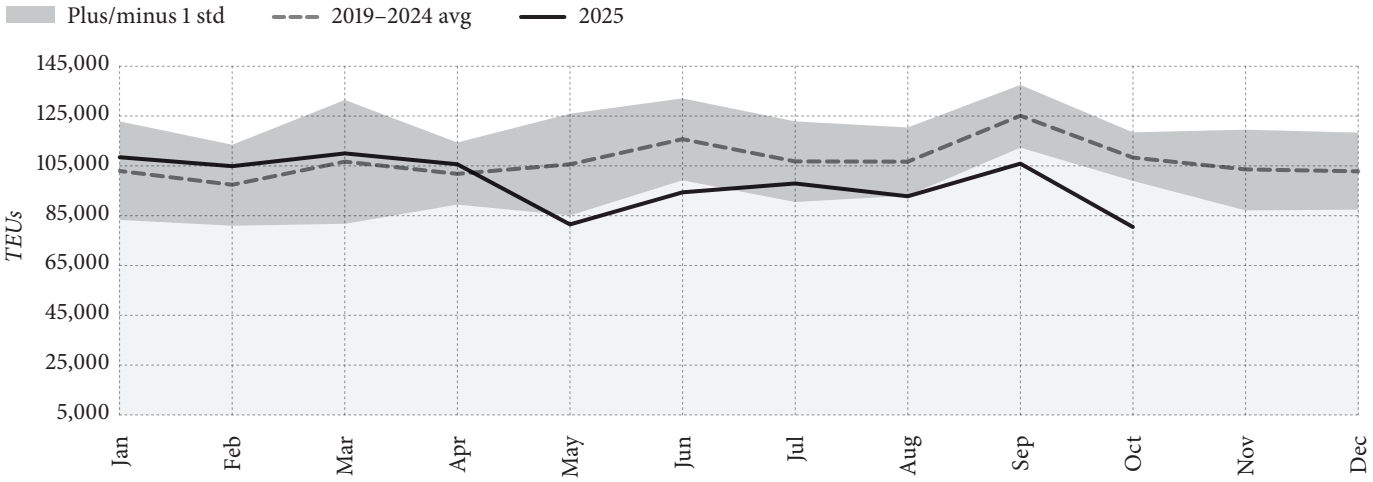


Sources: GEP, S & P Global PMI

Intermodal/Container Freight

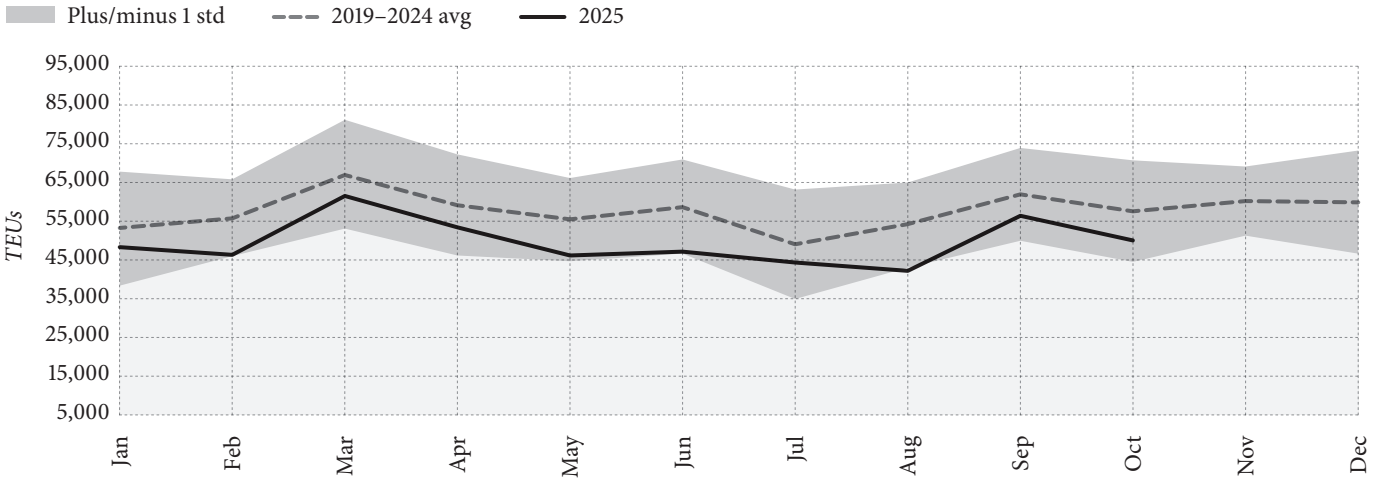
Excess supply chain capacity is evident locally at the Northwest Seaport Alliances two container ports of Seattle and Tacoma, WA. Between January and April 2025, the volume of loaded import containers moving through these ports was above the historical average (2019–2024) as retailers attempted to get ahead of tariff impacts (April 2025) but dropped drastically in May 2025 and continues to decline (Figure 2) as domestic consumers face higher costs for imported retail products. This is significant for Washington agricultural producers who depend on plenty of inbound loaded containers to provide access/availability for empty containers to load with products such as hay, apples, potatoes, cherries and others and return to those international export markets. As the loaded inbound container volumes decrease, the availability of backhaul opportunities for our agricultural markets also decreases. The volume of loaded container exports is depicted in Figure 3 and similar to loaded import containers, below the historical average (2019–2024). As the tariffs on imported goods continues into 2026, they will continue to adversely impact Washington agricultural shippers who depend on container export services. Container lanes on the U.S. west coast are expected to experience reductions in service as carriers shift capacity towards markets in Europe, India and Africa where more dependable, consistent and planned trade policy can be expected.

Figure 2: *Seattle-Tacoma Container Imports, by Month*



Source: Northwest Seaport Alliance

Figure 3: *Seattle-Tacoma Container Exports, by Month*

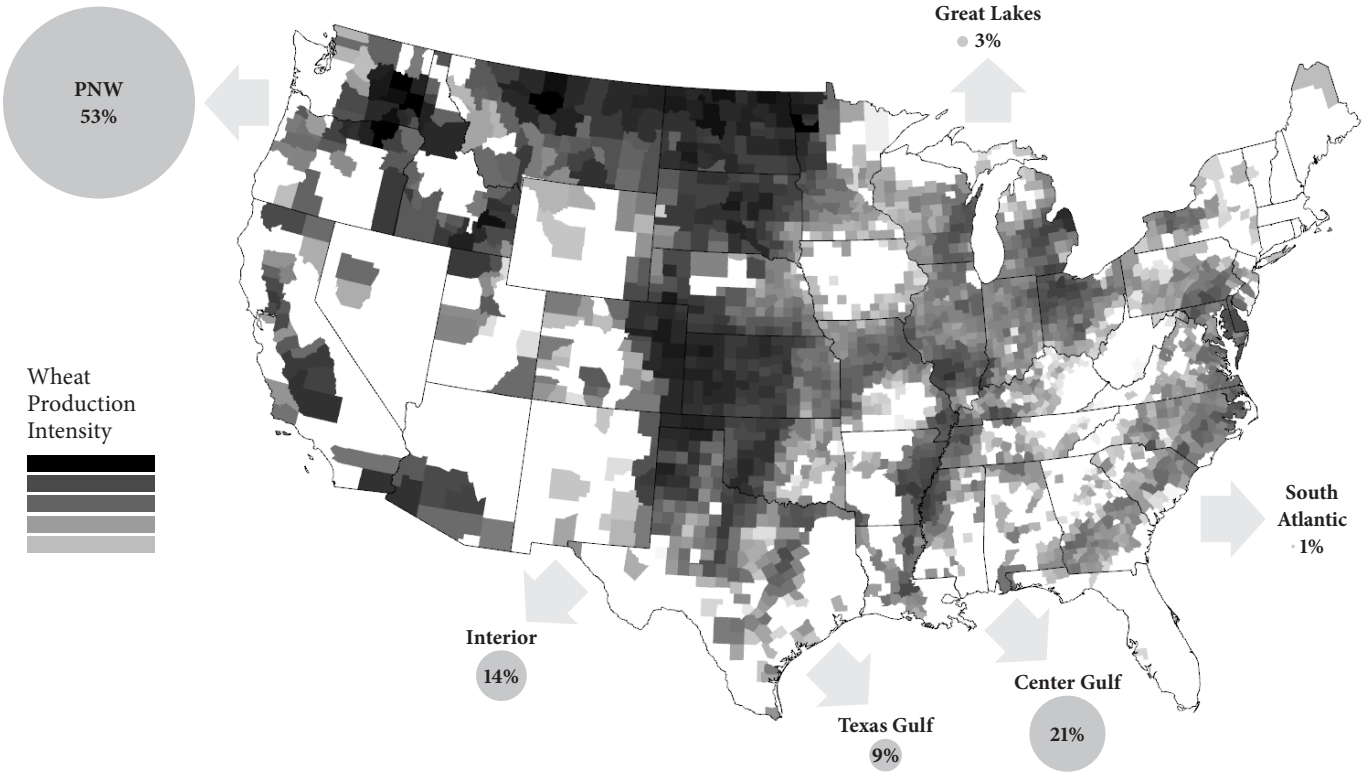


Source: Northwest Seaport Alliance

Bulk Freight

In addition to being a primary U.S. container port, the Pacific Northwest (PNW) also handles a large volume of bulk grain exports, particularly for Washington wheat (Portland, OR) but increasingly also for corn and soybeans (Port of Longview and Kalama, WA) arriving via rail from the U.S. Midwest. The PNW accounts for over half of all U.S. wheat exports, partly due to where wheat is produced relative to export port proximity (Figure 4). Luckily for our Washington wheat producers, U.S. wheat exports have not been adversely impacted (to date) based on volume of total wheat exports for 2025. That may change in 2026 and beyond.

Figure 4: *U.S Wheat Export Ports and Destination Markets, 2024*



PNW

Destination	% of PNW
Philippines	24%
Japan	18%
Korea	16%
19 other countries	43%

Texas Gulf

Destination	% of Texas Gulf
Philippines	25%
Japan	11%
Korea	11%
12 other countries	53%

Great Lakes

Destination	% of Great Lakes
Italy	52%
Mexico	20%
Spain	9%
5 other countries	19%

Interior

Destination	% of Interior
Mexico	93%
Vietnam	1%
Thailand	1%
13 other countries	4%

Center Gulf

Destination	% of Center Gulf
China	24%
Mexico	18%
Colombia	16%
24 other countries	45%

South Atlantic

Destination	% of South Atlantic
Brazil	45%
Venezuela	21%
Indonesia	19%
4 other countries	14%

Figure 5: *Total U.S. Wheat Exports, by PNW, Central Gulf and Total (Dec. 1, 2025)*

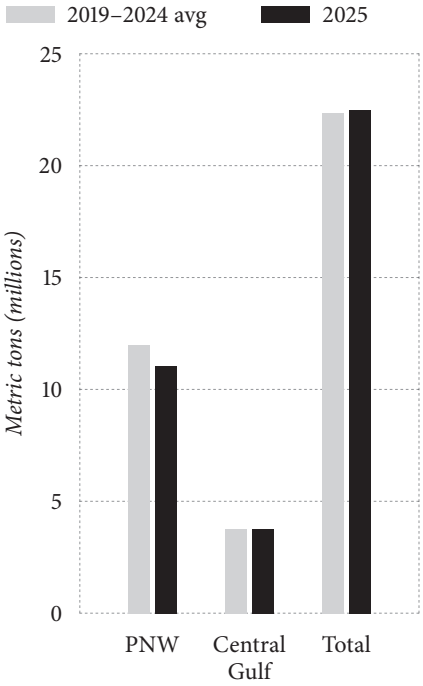


Figure 7: *Total U.S. Corn Exports, by PNW, Central Gulf and Total (Dec. 1, 2025)*

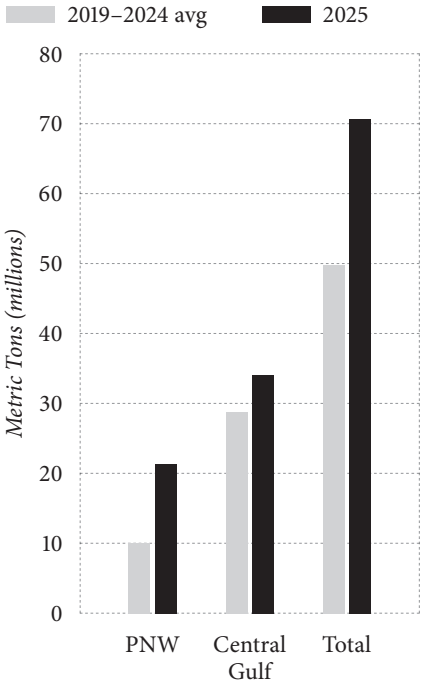


Figure 8: *Total U.S. Soybean Exports, by PNW, Central Gulf and Total (Dec. 1, 2025)*

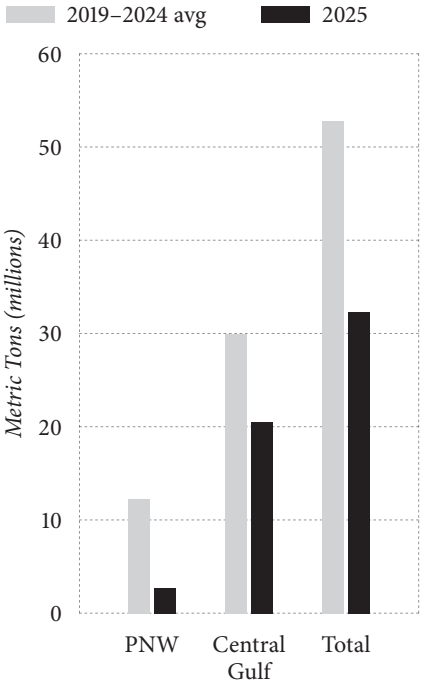
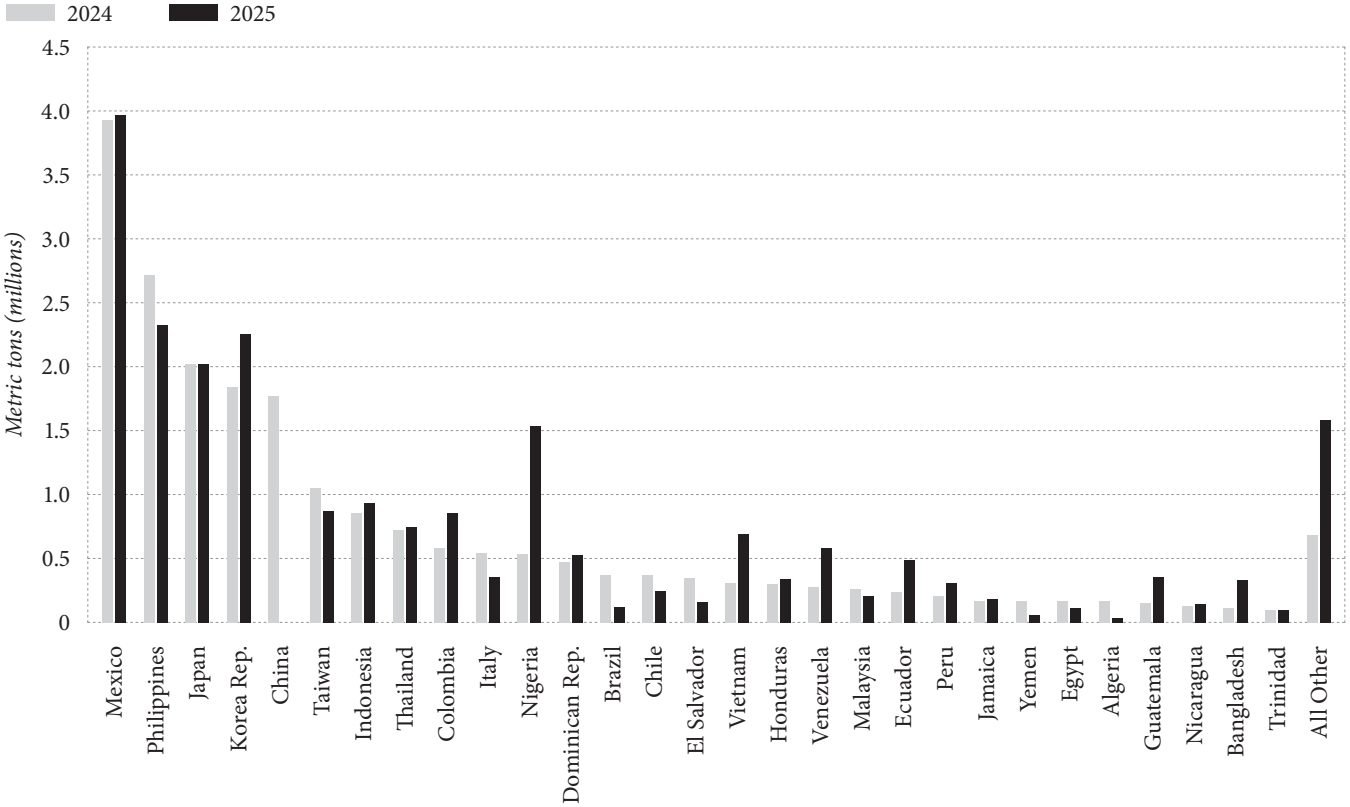


Figure 6: *Total U.S. Wheat Exports, by Destination Country*



China represents a large market for U.S. wheat, corn and soybeans. Historically China would rank somewhere in the top five U.S. wheat export markets by volume and usually purchasing between 1.7–2.0 million metric tons per year. They have purchased no U.S. wheat in 2025 (Figure 6), but other export markets have picked up the slack, primarily Korea, Nigeria, Vietnam, Venezuela and Ecuador. And while the PNW produces little corn or soybeans, the lower Columbia River export terminals do receive rail shipments from the Midwest on Union Pacific and BNSF railroads. Typically, soybeans are the dominate grain commodity headed to China but 2025 is not typical. This year the U.S. has exported significantly larger volumes of corn (an extra 20 million metric tons (+20 percent) above the prior six-year average) and a large proportion of that has been exported out of the PNW (an extra 11 million metric tons (+110 percent) above the prior six-year average) (Figures 7 and 8). This is significant for local producers, as the four shuttle rail elevators in Eastern Washington must compete for rail capacity for rail shipments from Eastern Washington to the export terminals in Portland and the lower Columbia River.

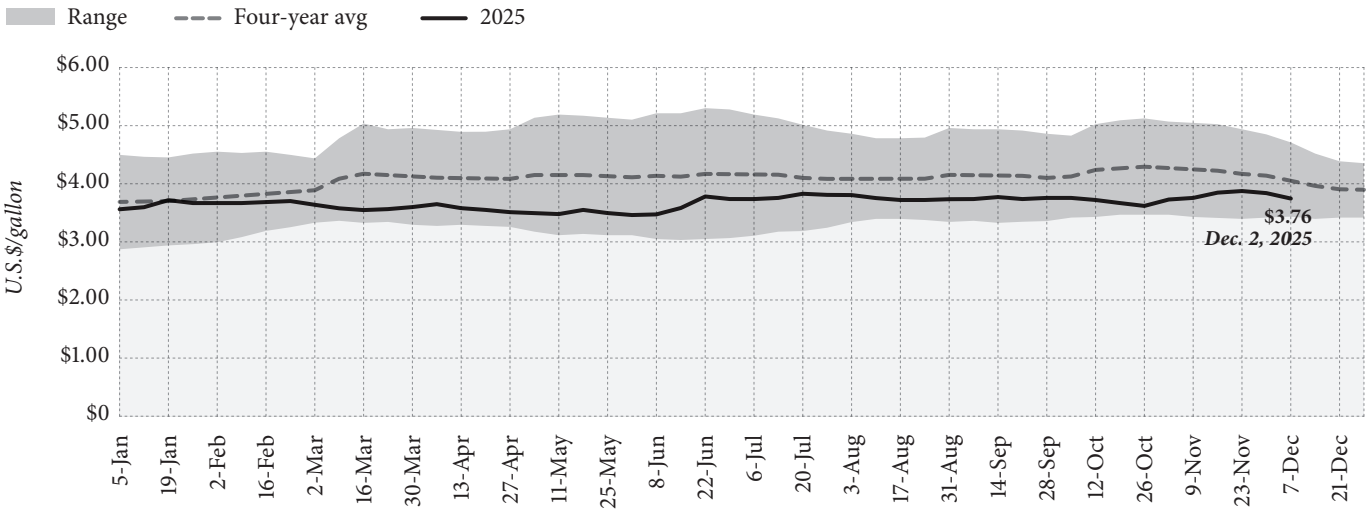
Domestic Truck Freight

The domestic U.S. market for much of the high-value products produced in Washington State are accessed primarily with trucks, even for distant markets on the east coast and southeast. Truck rates are significantly higher as compared to rail, but rail is too inconsistent and unreliable to justify the cost savings, especially for time-sensitive shipments. This is particularly true for products where quality/freshness is the premium such as apples, cherries, pears and other perishable produce.

Throughout 2025 truck rates have helped offset the weakened export market by making the domestic market more accessible at a lower cost. This is partly due to reduced diesel fuel prices which have been running well below the prior four-year average for most of this year (Figure 9). The lower trucking rates are also a product of weakened demand for all freight shipments as a result of tariffs. Refrigerated truck rates for apple shipments to the 12 primary destination cities throughout the U.S. (from Washington State) have been well below the prior five-year average, as illustrated for one of those cities, Boston, MA (Figure 10). This has resulted in far more truck shipments of apples out of Washington this year, as illustrated in Figure 11. Between January and June 2025, weekly apple truck shipments from Washington tracked close to the historical weekly average. But beginning in July, as the export market began experiencing tariffs, those domestic shipments increased above the average with the separation from the historical average becoming more pronounced during September and October.

Truck rates should continue to remain soft into 2026 as fuel prices are expected to decrease substantially due to excess oil production placing downward pressure on crude oil prices. The U.S. Energy Information Agency (EIA) is currently predicting that Brent crude oil prices will fall to the low $50 per barrel in 2026 given how stocks are currently building due to excess production relative to consumption. That prediction happened just prior to OPEC

Figure 9: *U.S. Highway Diesel Prices, Weekly*

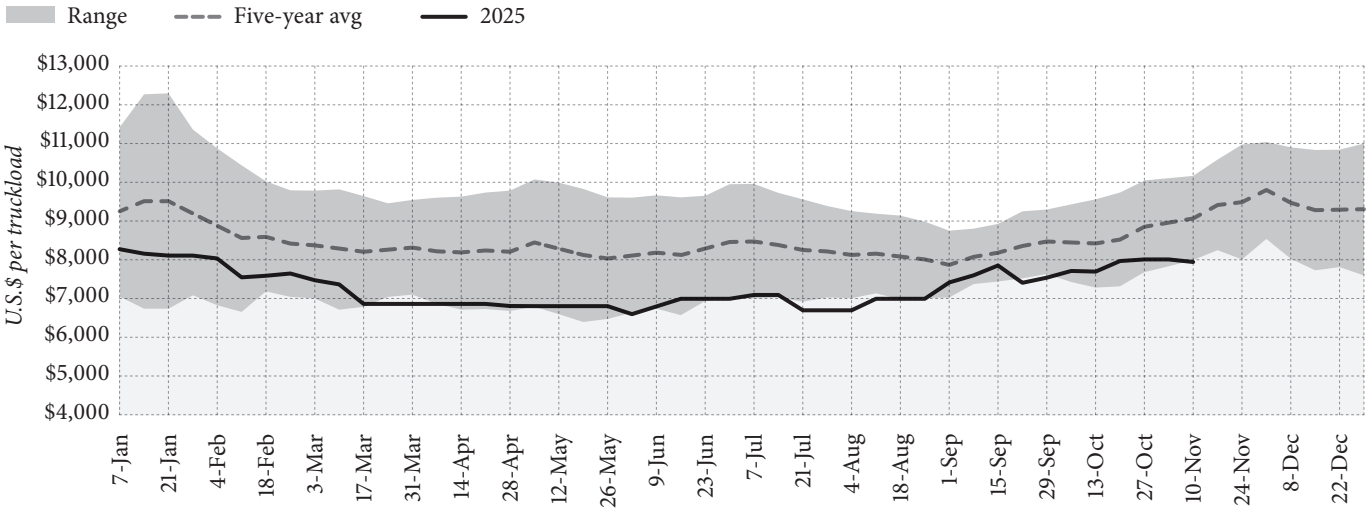


Source: EIA, On-Highway Diesel Prices, Weekly

announcing they intend to increase supply in 2026, further exacerbating oversupply. Most energy experts anticipate Brent crude oil dropping into the mid $40 per barrel by mid-2026 due to weak demand and excess production. That will result in highway gas and diesel prices continuing to decrease into 2026.

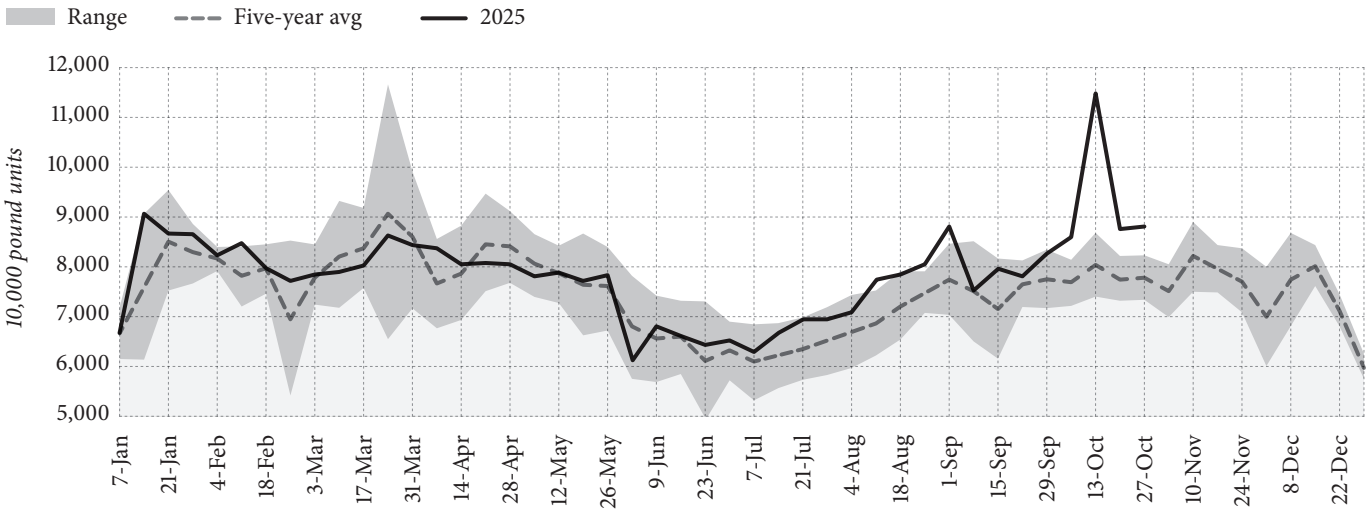
An important counter effect to declining truck freight rates is the Trump administration's targeting of truck drivers who can't pass an English proficiency test. The Federal Motor Carrier Safety Administration (FMCSA) reported in October 2025 that approximately 7,200 drivers have been removed from service due to failing to pass the proficiency test. Most of those drivers were working at port drayage companies and given there are around 3.5 million commercial truck drivers in the U.S., the net effect has been small. But moving forward the impact could be more significant and particularly for specific freight lanes. The current administrations U.S. Department of Transportation has announced plans to withhold federal funding to states who allow drivers to obtain commercial driver's license (CDL) without complying to the English proficiency test in addition to revoking the certification of CDL from more than 3,000 training programs nationwide. These efforts may create truck driver shortages in some areas.

Figure 10: *Refrigerated Truck Rates for Apple Shipments to the East Coast*



Source: USDA, AMS, Specialty Crop Market News

Figure 11: *Weekly Truck Shipments from Washington State*



Source: USDA, AMS, Specialty Crop Market News

Implications of Tariffs for Comparative Advantage, Trade Deficits, and Prices

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In 2023, before the second Trump administration took office, the trade-weighted average U.S. tariff rate was about 1.4 percent.[8] After taking office, the administration reinstated and expanded targeted tariffs on steel and aluminum (and derivative products) and autos and auto parts. These tariffs ranged from 25–50 percent and affected sectors that make up a large share of U.S. import volume (particularly autos and auto parts). Then, on April 2, 2025, the Trump administration invoked national emergency authority under the Emergency Economic Powers Act to announce a flat 10 percent tariff on nearly all imported goods, along with new so-called "reciprocal" tariffs of 11–50 percent on about 60 selected countries. The justification for the "reciprocal" tariffs was that the countries had sizable, persistent trade deficits with the United States. As a result, the trade-weighted average U.S. tariff rate rose from 1.4 to more than 10 percent, an unprecedented shift in modern history. These tariffs and their sudden implementation increased costs of imported inputs to production for U.S. firms, led to major disruption of supply chains, resulted in retaliation by foreign countries (particularly hurting the U.S. agricultural sector), and generally destabilized international markets.[9]

The World Trade Organization (WTO) may permit tariffs in response to dumping, unfair government subsidies, or national security concerns. It does not, however, permit country-specific tariffs based on bilateral trade deficits. Such tariffs also violate the most-favored-nation principle, whereby member nations must treat each other equally by applying the same tariff rates across all members.

This sudden shift in tariff policy makes it worthwhile to revisit the foundational issues related to comparative advantage and the impacts of tariffs on international trade. In the following three sections we 1) review the causes of trade and the gains from trade, 2) examine how tariffs impact trade and trade deficits, and 3) provide historical context for the General Agreement on Tariffs and Trade (GATT) and WTO to understand how the United States arrived at such a low average tariff prior to 2025.

Causes of Trade and the Gains from Trade

Consider a thought experiment. In the absence of trade (autarky), the price of any good or service would vary widely across countries. These cross-country price differences arise from variation in supply and demand conditions across countries. Supply conditions can differ due to gaps in technology or factor abundance. Demand conditions can vary because of discrepancies in taste, preferences, and income. If the world were then to open to completely frictionless trade, each good or service would have a common world price. This convergence of prices across countries would cause countries to export those goods for which they initially had low prices relative to the rest of the world and import those goods for which they initially had high prices relative to the rest of the world. If countries were then to apply tariffs, the tariffs would introduce wedges between domestic prices and foreign prices. The domestic price paid by consumers would be higher because of the tariff (a tax), and the foreign price would be lower due to reduced import demand.

A tariff results in winners and losers among producers and consumers. The producers in the protected industry benefit from decreased import competition due to higher domestic prices. The consumers of the protected industry's good or service lose due to the same higher domestic prices. This is why import-competing industries lobby for tariffs and other trade barriers, even though they come at the expense of domestic consumers.

Classically, the basic reason for international trade is comparative advantage, whereby a country exports the goods for which it is the lowest-cost supplier. The sources of comparative advantage may be differences in productivity, resource abundance, climate, and other factors. Having a

8 World Bank, 2025. https://wits.worldbank.org/CountryProfile/en/Country/USA/Year/LTST/Summary.

9 Bloomberg, 2025; https://www.bloomberg.com/opinion/articles/2025-11-10/trump-s-tariff-war-hurts-farmers-and-factory-workers-most. Glauber et al., 2025; https://www.ifpri.org/blog/how-reciprocal-tariffs-harm-agricultural-trade/. Wagrains, 2025; https://wagrains.org/articles/wheat-market-update/.

comparative advantage in a particular good implies that producers face a lower opportunity cost in its production, which means that production requires giving up relatively little of a comparatively disadvantaged good. For example, consider Washington State and Indonesia, where Washington has a comparative advantage in wheat and Indonesia in pineapples. In an autarky world without trade trade, both regions would produce wheat and pineapples. However, due to climatic conditions, even with significant investment, pineapple yields would be relatively low in Washington (causing pineapple prices to be relatively high), while Indonesia would have low wheat yields (resulting in wheat prices being relatively high). Washington farmers thus have a low opportunity cost of producing wheat, as they forgo paltry pineapple output in exchange for substantial wheat output. Simultaneously, Indonesian farmers have a low opportunity cost in pineapple production as they give up a meager wheat yield to grow significant quantities of pineapples. Thus, in the extreme autarky counterfactual, the asymmetry in relative productivity and opportunity cost causes comparative advantage differences, reflected in relative price gaps between these two regions.

If we then allow trade, Washington state farmers specialize in and expand production of wheat and export any excess production to Indonesia. Furthermore, Washington state farmers respond to the relatively high prices of wheat in Indonesia by further specializing in and expanding wheat production to boost exports and capitalize on the high foreign price. Indonesian pineapple farmers respond similarly until trade causes relative prices, accounting for transportation costs, to converge.

More generally, producers in countries specialize in and export goods for which they have a comparative advantage—such as goods that suit their climate, workforce skills, or technology—and import goods for which they lack a comparative advantage. Comparative advantage-driven trade ensures that goods are produced at the lowest possible cost and sold in countries with higher prices. This specialization leads to highly efficient production. From a welfare perspective, consumption is the goal, and production serves that end. With specialization and trade driven by comparative advantage, consumers gain access to larger quantities and varieties of goods from the same set of resources, resulting in higher welfare than would occur without trade.

While trade always leads to higher welfare from an economy-wide perspective, examining individual industries reveals that trade creates winners and losers. For example, in import-driven sectors such as U.S. pineapple production, trade makes producers in Hawaii (the primary pineapple-producing state) worse off because imported pineapples from Indonesia drive down the market price, reducing Hawaiian producers' production. Conversely, U.S. consumers benefit from lower-priced pineapples. The gains to U.S. consumers outweigh the losses to Hawaiian producers, leading to higher net social welfare.

However, in export-driven industries, such as U.S. wheat, trade makes U.S. producers better off because the price they receive is higher, and production expands. But U.S. wheat consumers are worse off because the higher wheat price erodes their purchasing power. The gains to U.S. wheat producers exceed the losses to U.S. wheat consumers, leading to higher total social welfare.

Impact of Tariffs on Trade and the Deficit

Now that we have established the causes and welfare gains from trade, we turn to the role of tariffs in trade outcomes. Tariffs are government-imposed taxes on imported goods and services that create a wedge between the import price and the export price. When the U.S. government imposes tariffs, U.S. importers pay those taxes directly to the U.S. government. However, from an economic perspective, both the importer and the exporter can feel the impact of the tariff depending on how sensitive buyers and sellers are to price changes.

For example, consider the U.S. apple sector, which has a strong comparative advantage. With a large U.S. apple industry, U.S. consumers rely on fresh apple imports mainly during the off-season, primarily from Chile and New Zealand. If the U.S. imposes a tariff on these imports, U.S. consumers may respond by purchasing other fruits or buying only domestically produced apples (i.e., they are price-elastic). Foreign apple exporters respond to this consumer behavior by absorbing part of the tariff—by lowering their export price to prevent the import price from rising by the full amount of the tariff—to ensure U.S. consumers continue to buy their apples.

Thus, tariffs undermine the exporting country's comparative advantage by adding an extra importing cost, which causes the import price to rise and imports to decline. This makes the domestic product artificially more competitive. Consequently, tariffs discourage efficient specialization as production shifts toward the relatively less efficient domestic producers in the importing country following a reduction in imports. In the case of U.S. apples, a tariff on apple imports could cause U.S. production to expand beyond the economically efficient level, possibly

by bringing marginal land into use. Additional storage to cover the off-season may also be cost-inefficient. Therefore, in general, tariffs benefit domestic producers by raising prices and expanding production, leading to greater sales and profits. However, consumers face higher prices and purchase fewer imported goods, reducing their welfare. The gains to domestic producers and government tariff revenue often fail to offset the losses to consumers. In addition, in the exporting country, welfare declines as the loss to exporters who lower their prices to maintain overseas sales exceeds the gain to consumers due to the lower internal price and expanded consumption. From a global perspective, if we also account for the negative effects on the exporting country, overall welfare declines.

While U.S. tariffs do not directly harm Washington state export-oriented commodities (such as wheat, potatoes, and tree fruit), if foreign countries retaliate with new foreign tariffs on Washington state exports, producers are then harmed. For example, in April 2025, China implemented a 34 percent retaliatory tariff on all U.S. goods, impacting all Washington state exports to China,[10] with Washington apples and cherries being hit particularly hard.[11] Canada also implemented retaliatory tariffs in March that negatively impacted the Washington wine industry. The European Union imposed retaliatory tariffs of 25 percent on U.S. agricultural products, including all key Washington state agricultural exports. In addition to the direct effect of the retaliatory tariffs on Washington state agriculture, tariffs on intermediate inputs such as steel, aluminum, cork, fertilizer, etc. all raise production costs, which corrodes Washington state farmers' relative productivity advantage, and thus their comparative advantage.

Next, we consider how imposing tariffs affects a country's trade deficit and economy. A U.S. trade deficit occurs when the U.S. purchases more imports from abroad than it exports. Imposing tariffs may reduce the trade deficit by decreasing demand for imports. But, if the country faces retaliation, as is usually the case, its exports will also be harmed. Due to this and the lost gains from mutually beneficial trade, tariffs are not generally considered an effective tool for dealing with trade deficits, to the extent that the deficits are viewed as a problem in the first place.

The United States has had a large, persistent trade deficit for many decades now. Whether this is a problem for the United States is still matter of debate among economists. The optimistic view of the trade deficit is that it is occurring because the United States is such an attractive destination for foreign investment. As a matter of balance-of-payments accounting, a country's trade deficit is equal to its net capital inflow. This is because, when the United States runs a trade deficit, it must finance the deficit by borrowing from abroad and selling assets to the rest of the world. From the perspective of the rest of the world, the United States is a relatively high-quality source of debt and equity securities. The pessimistic view of the trade deficit is that the national saving rate is too low. National saving here includes both household saving and government saving (meaning that the government budget deficit lowers national saving). According to this view, the United States is living beyond its means and borrowing from the rest of the world to finance unsustainable spending. Under this view, however, the most straightforward remedy would be to reduce the growing U.S. government budget deficit and encourage household saving.

One important consideration to keep in mind is that bilateral trade deficits do not matter at all. Only a country's aggregate trade deficit matters. This point was made by the economist Robert Solow in a well-known quip: "I have a chronic deficit with my barber, who doesn't buy a darned thing from me." While Solow's overall household budget balance would concern him, his deficit with his barber would not. Similarly, while a nation's trade deficit with any given country should not concern it, its aggregate trade deficit may. But economists widely agree that tariffs are not an effective solution to this potential problem.

Historical Context for Low Average Tariffs

Understanding how the U.S. average tariff rate declined to about 1.4 percent is important for contextualizing today's trade policy environment. The GATT multilateral negotiations reduced tariffs in eight rounds, starting in 1947 and concluding with the Uruguay Round and the creation of the WTO in 1994. Why did the success of the GATT take eight rounds spanning 47 years? And why have the WTO multilateral negotiations stalled with no new agreement in the last 30 years? The answer to these questions lies in the political-economy dynamics created by the GATT and WTO.

10 Ruwitch, 2025. https://www.npr.org/2025/04/04/g-s1-58250/trade-war-escalates-as-china-hits-back-with-34-tariffs-on-all-u-s-goods

11 FreshPlaza, 2025. https://www.freshplaza.com/north-america/article/9721066/china-s-new-tariffs-hit-washington-apple-and-cherry-exports/

GATT/WTO members agree to many rules to ensure fairness and success.[12] However, the fundamental principle of reciprocity, which required countries to negotiate in good faith to reduce their domestic tariffs in exchange for lower foreign tariffs, was vital to the iterative success of the multilateral negotiations. Importantly, reciprocity links domestic and foreign tariffs, creating a political dynamic known as the *juggernaut effect*,[13] which facilitates tariff reductions. To understand the importance of reciprocity, note that domestic firms facing import competition generally favor domestic tariffs, while domestic firms that export and compete abroad dislike foreign tariffs. In addition, import-competing firms often have a comparative disadvantage, whereas export firms typically hold a comparative advantage in their goods. Reciprocity provides export-oriented producers with an incentive to lobby their government to reduce domestic tariffs, thereby encouraging foreign countries to lower their tariffs through GATT/WTO negotiations. Without reciprocity, the import-competing lobby would play a central role in creating tariff policy. Reciprocity provides export-oriented firms with incentives to lobby for tariff reductions, counterbalancing the import-competing lobby.

The juggernaut effect arises because lower domestic tariffs lead to larger imports and competition, causing a downsizing of import-competing industries and weakening their lobby. By contrast, lower foreign tariffs increase output, profits, and employment of export-oriented industries, strengthening their lobby. Thus, the expanded export-oriented lobby provides fresh political power to start a new round of negotiations and cut additional tariffs. These events create a positive feedback loop where, after each successful round of negotiations and tariff cuts, the export lobby grows and the protectionist lobby shrinks, further shifting the political economy toward tariff cutting and providing the political power for the next round of negotiations and tariff cuts. Through the eight GATT rounds over 47 years, the U.S. weighted average tariff fell to around 1.4 percent. The Trump administration's "Liberation Day Tariff," announced on April 2, 2025, alarms trade economists because the new tariffs undermine the reciprocity-based GATT/WTO system that fostered low average tariffs among member states.

The current WTO Doha Development Round, which began in late 2001, has been unsuccessful in negotiating a new multilateral agreement. The failure of this round can be attributed to two main reasons. First, due to the success of previous rounds, diminishing returns to negotiations set in as the marginal gain in export-oriented lobbying power no longer exceeds the political capital needed to make further progress. Furthermore, the remaining, highly contentious tariffs involve sectors with concentrated, powerful protectionist lobbies (e.g., agriculture and goods with national security implications). Second, the Doha Round also included complicated agricultural subsidies and opaque non-tariff barriers.

Concluding Remarks

In reflecting on the dichotomous outcomes of the success of the GATT and the renewed interest in protectionism, it is important to remember that free trade creates winners and losers at the industry level. In the United States, this meant that lower tariffs championed by the GATT allowed the U.S. manufacturing and auto industries to effectively set up international supply chains and offshore many jobs that employed hundreds of thousands of workers. These workers were left worse off as the relative wages in these import-competing industries declined. At the same time, the design, engineering, and technology sectors with comparative advantages benefited from low overseas tariffs and grew, leading to greater employment and higher relative wages. Geographic immobility and skill mismatch meant that many workers from the manufacturing and auto industries failed to retrain for the growing high-tech sectors with a comparative advantage. As the high-tech sectors grew, the demand for high-skilled workers outpaced U.S. domestic supply, and many businesses relied on overseas workers through H-1B visas. Many domestic workers perceived immigrants being employed in the relatively high-paying and fast-growing high-tech sector as partially contributing to their economic struggles. Congress exacerbated the problem in the 1980s by reducing Trade Adjustment Assistance (TAA) funds earmarked to support transition efforts of workers who lost jobs to trade or overseas competition.[14] With lower wages and reductions in TAA

12 WTO, 2025. http://wto.org/english/thewto_e/whatis_e/tif_e/fact2_e.htm

13 See Baldwin, Richard E, "Understanding the GATT's wins and the WTO's woes," Graduate Institute, Geneva and Center for Economic Policy Research, CEPR policy insight, no. 49, June 2010.

14 Goodman, 2025, "Workers Who Lost Jobs to Trade Needed Help. Washington Cut the Funding," *The Wall Street Journal*.

funds, the adjustment costs to train for high-tech sectors were unaffordable for these domestic workers, reinforcing the skill mismatch and sense of marginalization. Many domestic workers perceived lower tariffs through the GATT/WTO as contributing to their hardships, sowing the seeds for today's shift toward protectionism.

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SECTION III. WASHINGTON DATA

Washington ($1,000)	2020	2021	2022	2023	2024
Gross receipts of farms	**$14,310,797**	**$13,319,046**	**$15,192,849**	**$15,666,286**	**$14,159,113**
Gross cash income	**$14,353,674**	**$13,576,282**	**$14,778,352**	**$15,469,317**	**$14,209,580**
Cash receipts	**$12,241,737**	**$11,926,628**	**$13,448,722**	**$12,488,825**	**$12,959,455**
Crop receipts	$8,823,733	$8,442,355	$8,963,505	$7,932,031	$7,893,452
Animals and products receipts	$3,418,004	$3,484,273	$4,485,216	$4,556,794	$5,066,004
Direct government payments	**$1,168,092**	**$581,692**	**$401,554**	**$226,142**	**$185,214**
Cash farm-related income[15]	**$943,845**	**$1,067,962**	**$928,076**	**$2,754,350**	**$1,064,911**
Noncash income	**$74,470**	**$58,804**	**$62,399**	**$60,044**	**$88,262**
Home consumption	$26,223	$24,377	$35,828	$34,492	$55,239
Imputed rental value of hired labor dwellings	$48,247	$34,427	$26,571	$25,551	$33,024
Inventory adjustment	**-$117,347**	**-$316,039**	**$352,097**	**$136,926**	**-$138,729**
Farm production expenses	**$11,387,238**	**$10,013,141**	**$13,035,464**	**$14,693,884**	**$14,461,273**
Nonfactor payments[16]	**$7,311,875**	**$6,694,026**	**$8,728,037**	**$9,019,001**	**$9,924,849**
Intermediate product expenses[16]	**$6,239,486**	**$5,841,486**	**$7,618,685**	**$7,981,109**	**$8,178,737**
Farm origin	$1,838,087	$2,219,400	$2,260,147	$2,701,247	$2,777,211
Feed purchased	$1,048,103	$1,305,605	$1,164,170	$1,291,949	$1,148,612
Livestock and poultry purchased	$399,992	$517,451	$617,254	$957,641	$1,074,804
Seed purchased	$389,992	$396,344	$478,724	$451,657	$553,795
Manufactured inputs	$1,911,170	$1,722,839	$2,501,996	$1,981,744	$2,153,448
Fertilizer and lime	$621,549	$629,488	$990,088	$703,745	$769,160
Pesticides	$767,796	$606,174	$837,767	$651,226	$738,393
Fuel and oil	$340,323	$322,091	$481,391	$423,794	$426,244
Electricity	$181,501	$165,086	$192,750	$202,979	$219,650
Other intermediate expenses[16]	$2,490,229	$1,899,247	$2,856,542	$3,298,118	$3,248,079
Repair and maintenance[16]	$518,807	$464,648	$597,909	$640,400	$599,621
Machine hire and custom work	$146,067	$98,577	$141,466	$100,733	$197,341
Marketing, storage, and transportation	$842,716	$508,425	$1,227,396	$1,394,516	$1,375,056
Miscellaneous[16]	$982,640	$827,598	$889,770	$1,162,469	$1,076,062
Capital consumption[16]	**$548,060**	**$453,665**	**$545,286**	**$535,465**	**$375,169**
Property taxes and fees[16]	**$352,263**	**$294,438**	**$336,276**	**$279,893**	**$342,211**
Contract labor	**$172,067**	**$104,437**	**$227,790**	**$222,534**	**$1,028,731**
Factor payments to stakeholders[16]	**$4,075,363**	**$3,319,115**	**$4,307,427**	**$5,674,883**	**$4,536,423**
Interest[16]	$447,129	$431,140	$548,651	$625,421	$676,154
Hired labor and employee compensation	$2,960,055	$2,541,744	$3,514,961	$4,651,160	$3,586,227
Net rent to landlords[17]	$668,179	$346,231	$243,815	$398,303	$274,042
Returns to operators	**$2,923,559**	**$3,305,905**	**$2,157,385**	**$972,402**	**-$302,159**

Data reported in Real 2025 dollars. Values are rounded to the nearest thousand.

Source: USDA, Economic Research Service estimates and forecasts developed using data from the USDA's World Agricultural Supply and Demand Estimates, National Agricultural Statistics Service, Farm Service Agency, Risk Management Agency, Natural Resources Conservation Service, Animal and Plant Health Inspection Service, internal commodity projections, and other non-USDA sources.

15 Farm-related income includes forest products sold, machine hire and customwork, and other farm income.

16 Excluding expenses associated with operator dwellings

17 Including landlord capital consumption


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Washington Agribusiness:
Status and Outlook
2026