

## Farm bill seen close – but dairy, payment details not finalized

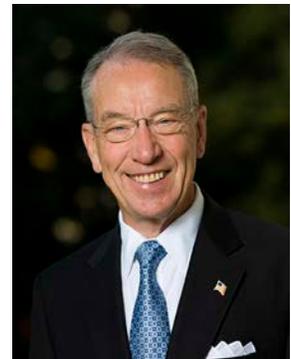
An agreement among principal negotiators on a long-term farm bill may be completed as early as tonight and the conference committee could meet when Congress returns from recess on Monday, sources told *Agri-Pulse*.

The expectation – for now - is that the agreement could go to the Congressional Budget Office for scoring tonight and be ready for a vote early next week. Still, as of last night, it did not appear that disputes over dairy policy and payment limits were completely resolved. The “devil,” as always, is in the details.

A formal conference committee meeting that is open to the public is not a foregone conclusion, as House Agriculture Committee Chairman Frank Lucas, R-Okla., has not made an official announcement. Several lawmakers said last week a conference meeting might be skipped and conferees may just be asked to sign the report. Yet other conferees, who have long argued for more transparency and inclusion before they vote, are holding out for another meeting of conferees. But time is limited. With a GOP retreat scheduled for Jan. 29 -31 in Cambridge, MD., floor action could be pushed into February.

Exactly how conferees will solve the dairy policy fight remains unclear. House Speaker John Boehner, R-Ohio, has consistently opposed market stabilization provisions in the Dairy Security Act (DSA), and threatened to block the bill unless those “supply management” provisions are removed. Chairman Lucas has floated a compromise designed to win the support from both Boehner and Ranking member Collin Peterson, D-Minn. Sources told *Agri-Pulse* that the compromise would give the Secretary of Agriculture authority to increase premiums and implement other measures when dairy producers increase production in an effort to control costs of the program. However, Peterson has not yet signaled his endorsement of any alternative.

On payment limits, Sen. Chuck Grassley, R-Iowa, expressed concerns Tuesday that conferees would also kick his language, aimed at tightening the definition of “actively engaged,” over to USDA in an effort to kill it. **“The people who want to shovel this off to the administration for rulemaking, they don't want anything,”** Grassley emphasized.



Sen. Charles Grassley, R-Iowa, is concerned that conferees will kill new limits on the number of managers who can qualify for farm program payments, which are strongly opposed by southern farm groups.

The language aims to keep off-farm managers from qualifying for federal farm payments. It would save \$387 million over 10 years, or \$210 million more than previous estimates. Both the Senate and House farm bill proposals would cap annual farm commodity payments at \$125,000 for an individual or \$250,000 for married couples.

National Sustainable Agriculture Coalition policy director Ferd Hoefner said the language of the 2008 Farm Bill left much of the “actively engaged” interpretation up to USDA to decide. “The major loophole was left in place,” he noted. “So, in our view, punting it to USDA is a non-starter.”

Roger Johnson, president of the National Farmers Union, said Tuesday he remains optimistic conferees will announce a final deal in the coming weeks. “They just need to do a meeting, have a vote, and put out a bill,” Johnson said.

He said conferees have agreed on everything except for the contentious dairy issue, but noted that he – like just about everyone else – has not seen a draft of the legislation. Still, he said USDA will need time to implement a new farm bill, and that time is running very short.

Meanwhile, Sen. Michael Bennet, D-Colo., is continuing his push to include the Payment in Lieu of Taxes (PILT) program in the farm bill. The program provides federal payments to local governments to help offset losses in property taxes due to non-taxable federal lands within their boundaries. Bennet met with state officials on Tuesday to discuss the program.

PILT payments assist local governments carry out services such as firefighting and police protection, construction of public schools and roads, and search-and-rescue operations. The program was not included in the fiscal 2014 appropriations bill.

Bennet, a farm bill conferee, said Colorado received \$32 million in PILT payments last year. He was joined recently by three other senators in writing a letter to top farm bill conferees. **“Without an extension of PILT, rural counties will face drastic budget cuts in June and may struggle to fund the most basic of services,”** the senators said.

## On the farm, D.C. fatigue

After four years of watching lawmakers wrangle over a farm bill, farmers aren’t surprised.

**“Most producers I talk to are not surprised by the delay – they’re disappointed by the delay,”** said David Erickson, who has grown corn and soybeans in western Illinois since 1985.

The farm bill was due for reauthorization in 2012 – meaning negotiations over the legislation, which usually cover a five-year period, began in 2011. But a last-minute extension in the waning hours of 2012 pushed negotiations back to 2013 – and now, it’s 2014, the farm bill is expired, and prognosticators have been saying the legislation would be completed just next week for what seems like almost four years.



David Erickson

Erickson, who also serves as [vice president of the Illinois Farm Bureau](#), feels that “it’s almost become expected that these things don’t pass on time. Extensions in recent history seem to be more normal than the exception.” But he’s still tired.

In March, he'll have to purchase his crop insurance for the growing year. For a complex bureaucracy, he said, **“it's going to get to the point where it just gets uncomfortable to just get the paperwork part through the system...[It] takes a lot of preparation to get to that (crop insurance) decision.”**

Washington “has procrastinated long enough,” he said – it's time to get the farm bill done. Still, interviews with producers around the country show that the expired farm legislation hasn't brought U.S. agriculture to a halt.

“I think for the most part, farmers have a pretty good handle on what they think is going to be in the farm bill,” Erickson said, meaning they're able to make at least some of their planting and budgeting decisions for the coming year.

Al Lyman, who owns a feedlot and farms 700 acres in Illinois, said the farm bill isn't always at the forefront of his mind. “I can't say there's been a lot of decisions we haven't made at this point” because of the lack of farm bill, he said.

And after two years of calls to action, calls to congressmen and commodity group meet-and-greets with senators, it seems that the urgency on the ground has petered out, at least a bit. Farm bill? Farmers are sick of hearing about it.

**“I'm tired of the gridlock and the inability to get over one or two issues,”** said Carrie Pollard, who works with a vet clinic in northern Illinois, advising operations that are raising a total 20,000 sows, while helping her husband run their 100-cow dairy.

**“There's a lack of political courage in Congress,”** said Craig Yunker, who grows corn, wheat, soybeans, alfalfa, peas, cabbage, onions and turf in western New York. **“There's always one eye to the next election.”**

It seems even agribusiness' enthusiasm for the farm legislation has waned. According to data compiled by the [Center for Responsive Politics](#), in 2013 spending by agribusiness lobbyists decreased by \$27.9 million from the previous year, when farm bill negotiations began full-tilt. Though farm bill issues didn't account for all the spending, steady increases in outlays between 2010, 2011 and 2012 suggest the important agriculture legislation was driving lobbying activity.

Even the dairy industry, which now seems to be the subject of last-minute machinations by farm bill conferees, spent less on lobbying in 2013 – \$6.1 million, down 15 percent from about \$7.2 million in 2012.

On top of the farm bill fatigue, extended funding authority for important farm bill programs may help explain the lack of urgency in the fields. The [Environmental Quality Insurance Program](#) (EQIP), for example, the initiative that provides incentives to farmers who wish to improve the conservation practices on their land, is funded through Sept. 2014. Unlike other conservation programs – like the Wetlands Reserve Program – USDA is continuing to accept new EQIP contracts, as well as honoring existing ones.

Feedlot owner Lyman, for example, said he expects to receive all of the payments for an EQIP-funded project that allowed his business to replace a 60-year-old facility with a new structure that contains runoff and manure.

Also funded through appropriations: the Supplemental Nutrition Assistance Program (SNAP), which means poor Americans continue to receive food stamps even though the legislation technically authorizing the \$80 billion program has lapsed.

So for most producers (and most Americans), farm bill uncertainty isn't so bad in the day-to-day – meaning there's less day-to-day nagging of lawmakers and officials. Instead, the lack of legislation is more of a niggling doubt, something that bothers producers in the quieter twilight hours, when they sit down to do paperwork and plan for the next few months.



Bob Foster would like dairy details.

Still, questions over the farm bill's dairy program have made it difficult for Bob Foster, a fifth generation dairy farmer in Middlebury, Vermont, to map out a needed update to his facilities. "Our buildings were built in the late 60's, early 70's, and they're getting tired," he said. Foster, who owns a small, 450-cow dairy, said "There are some technology things we'd like to do," but can't without the information to plan.

At this point, most farmers say they just want it over with already. Swine management expert Pollard, who's eagerly awaiting conferees' decisions on country-of-origin labeling and a provision from Rep. Steve King, R-Iowa, that could make illegal certain states' regulations on livestock housing, said she might even be willing to concede on her priority issues to get a farm bill done.

"We need to get through something," she said. "Let's all get along, let's all come up with something that works. Some of these specific (commodity) questions can be addressed in individual bills, if need be."

Pat Bane, who manages a contract breed-to-wean pig farm in Illinois and is involved with the state Farm Bureau, said the group has urged him to speak out on issues that barely affect his operation.

"We're grassroots and [if the Farm Bureau] asks me to support something that would benefit the grain side more than the livestock side, we try to stick together and try to be a team," he said – especially if that's what's needed to get the whole thing down.

But producers are mostly tired of what's been happening in Washington since 2011 – and remember that farm policy usually isn't the reason they got into farming.

"Sometimes, you'd rather stay home and do the work," Lyman said.

## Despite hold-up, ag optimistic about Panama Canal expansion

A labor dispute between the [Panama Canal](#) Authority (PCA) and the consortium overseeing the \$5.25 billion expansion of the waterway is threatening to temporarily shut down the project – but agriculture exporters say they are still excited about what the work will mean for U.S. exports.

At issue is nearly \$1.2 billion in cost overruns in the construction of the canal's new locks. The expansion will allow larger and heavier ships to pass through the important trade passage between the Atlantic and Pacific Oceans.

Grupo Unidos por el Canal, S.A. (GUPC), the Spanish construction consortium that won the PCA's open bidding process, insists PCA swallow the costs – but the authority says it has an airtight contract that will force to company to cover the extra expenses.

The canal authority says GUPC's arguments, backed up by a threat to suspend work on the locks, “lack merit and go against what is established in the contract.”

But Mike Steenhoek, executive director of the [Soy Transportation Coalition](#), says he doesn't expect work on the project to stop.



Halting the expansion over the labor dispute would “eliminate [GUPC's] ability to get any kind of work in the future,” he said. “You don't renege on this kind of project of this kind of scope and notoriety.”

Industry experts also suspect GUPC's move could be a bluff: the group's \$3.2 billion bid was a good \$1 billion below those of other groups, suggesting it meant to underestimate costs all along.

An empty bluff would be excellent news for U.S. agriculture interests. A Soy Transportation Coalition-commissioned [report](#) found the expansion will allow vessels at southern Louisiana export terminals, the most important for grain and soybean exporters of the U.S. heartland, to carry an extra 500,000 bushels of soybeans per voyage – adding \$6 million to \$8 million in additional value per vessel. That almost doubles 2012 annual shipping rates of the commodity. Some 44 percent of U.S. soybean exports, passed through the Panama Canal that year.

The Coalition believes U.S. shippers will need the extra capacity the expanded canal will provide. As demand increases from Asia, the group sees U.S. grain and oilseed exports, especially to China, increasing by 30 percent by 2021.

That extra carrying capacity? It's mostly due to bigger ships. Today, so-called Panamax ships – the largest able to pass through the canal -- are 925 feet long, or longer than three football fields, with a minimum depth of 39.5 feet, and can carry 4,800 standard shipping containers. Post-Panamax ships – the largest that will be able to pass through the new, larger locks – will be 1,200 feet long, have a minimum depth of 50 feet, and will be able to carry over 12,000 containers.

But even if the PCA is able to resolve the labor issue, allowing construction to go forward and conclude by fall 2015, U.S. agriculture interests will have one, large hurdle to cross – the country's own failing waterways infrastructure.

Today, the Panama Canal expansion project is 72 percent complete, only five years after it began. **“When you compare that to how to do that in our country – projects that are years and years over deadline, with significant cost overruns – even when you have these project**

**extensions in Panama, they're still doing it much better than we are in this country,"** said Steenhoek.

U.S. locks and dams, especially those along the vital Mississippi River, are not adequately prepared to handle the increased usage demanded by the Panama Canal expansion. And some of the country's major ports – including those along the important Gulf Coast – need to be dredged and updated to accommodate post-Panamax ships.

At fault, Steenhoek says, is Congress, which has failed to provide “an adequate and predictable funding stream.”

That may have changed a bit last week, when the omnibus appropriations bill allocated \$5.467 billion to energy and water development. That money included increased spending for critical port and navigation channel improvements, according to Waterways Council Inc., including \$1 billion from the Harbor Maintenance Trust Fund.

But this is a one-time appropriations, and “you want to ensure that's not a one- trick pony,” Steenhoek said. “You want to ensure that the inland waterway system is actually being properly maintained.”

## **Immigration reform looking to gain more congressional traction**

Comprehensive immigration reform – and importantly for agriculture, the task of creating a pathway to legal status for many undocumented farm workers – will gain a brighter spotlight next week as House leadership is expected to release a set of reform principles.

House Speaker John Boehner, R-Ohio, is expected to release a draft proposal dealing with border security, visa issues, and other thorny immigration topics ahead of the Jan. 29 Republican retreat. Boehner has said he would not enter negotiations from the vantage point of bill passed by the Senate, and so far has encouraged a piecemeal approach to immigration with the support of House Judiciary Committee Chairman Bob Goodlatte, R-Va.

In June, the House Judiciary Committee [approved](#) the Agricultural Guestworker Act ([H.R. 1773](#)), which addressed the undocumented workers issue. The bill, authored by Goodlatte, would replace the existing H-2A agricultural visa program with a new H-2C program - but without a path to legal status. The bill would allow up to 500,000 temporary agricultural laborers into the U.S. each year. The visa would allow workers to stay in the country for up to 18 months, as opposed to the maximum of one year issued to H-2A visa holders. Goodlatte's committee also approved a separate bill mandating the use of an Internet-based system called E-Verify to check on a potential employee's immigration status.. The bill has not been brought up for a floor vote.

By contrast, the Senate-passed bill ([S. 744](#)) would allow undocumented farm workers to become eligible for an immigrant visa status called a “blue card.” Blue-card holders could apply for lawful permanent resident status after five years if they have continued to work in agriculture, paid their taxes and paid a fine. The Democratic-backed legislation would mandate use of E-Verify by all employers, including farming operations, within five years.

Many observers, including the American Farm Bureau Federation and the National Council of Farmers Cooperatives (NCFC), are expecting the House to move on legislation before the

Memorial Day recess this spring. In addition, lawmakers have been routinely taking to the House floor and the Senate floor to press for movement.

Maria Machuca, communications director of the United Farm Workers (UFW), said her organization is glad the House Republican leadership is “realizing they can’t ignore this situation anymore.”

“What are they going to do?” Machuca asked. “I’m not sure if they’ll take our ag proposal.” UFW and NCFC were instrumental in striking a deal on farm workers in the Senate bill. Machuca said her organization will continue national demonstrations about the issue, and will step up efforts to press GOP lawmakers to move on legislation.

## **Biodiesel industry needs to make voice heard on RFS, Jobe Says**

When it comes to the Renewable Fuel Standard (RFS), members of President Obama’s own administration have forgotten his history with renewable energy, National Biodiesel Board CEO Joe Jobe charged in his keynote speech at the Biodiesel Conference and Expo this week in San Diego.

Obama was at the forefront early on in the policy’s history. In 2006, then-Senator Obama, an Illinois Democrat, joined with former Senator Richard Lugar, an Indiana Republican, to propose the establishment of what eventually came to be known as the Alternative Diesel Standard. It proposed blending biofuel into the diesel fuel pool. It ramped up to 2 billion gallons of biodiesel



National Biodiesel Board CEO Joe Jobe says it is “mission critical” that we remind President Obama and his administration of his history with the RFS

in the diesel pool by 2015, a number that was forward-thinking when proposed yet today is well within reach. The policy evolved and was ultimately passed as RFS-2.

Senator Obama saw his vision enacted into law in December 2007. He ran for president including biodiesel as part of his campaign specifically, and won. When he campaigned again in 2012, supporting renewable energy and biodiesel, he won again, Jobe noted.

“What ultimately became the RFS-2 was first proposed by then Senator Obama,” Jobe said at the industry conference. **“But members of Obama’s own administration have forgotten this history.”**

The biodiesel story is an example of how government policy can jump start a fledgling industry, Jobe said.

**“That is the same story of nearly every new industry that involves technological development. Strong government policy support along with a unique spirit of innovation, entrepreneurship, and risk-taking are the primary reasons that so many major modern industries had their start in America,”** he said.

“The Renewable Fuel Standard is effective policy that is working,” Jobe says. “It is fulfilling its

intention to establish diversity, competition, and choice in the transportation fuel sector, which is why the incumbent (petroleum) industry is trying to kill it.”

Jobe defines the “incumbent” as those working around the clock to erase the RFS and all it has accomplished. He says the idea of a free energy market is false and that nothing about the global or domestic petroleum market is free. Jobe points out the petroleum sector has “enjoyed tax and policy support” that began at the birth of the industry and continues today.

“To say that the RFS skews the free market is nonsense,” Jobe says. “The RFS is a necessary policy to create and protect a modest level of diversity. It is working and needs to be allowed to continue to work and grow as intended. It is the pathway to a free-*er* market. It is a pro-competitive policy that stimulates investment and innovation.”

Biodiesel is the first and only commercial-scale fuel produced across the U.S. to meet the EPA’s definition as an Advanced Biofuel -- cutting carbon emissions by as much as 86 percent. The industry supports about 62,000 jobs.

In its draft rule defining annual renewable fuel volumes under for the RFS, the EPA has proposed a biodiesel target of only 1.28 billion gallons, down sharply from estimated 2013 production of 1.7 billion gallons and the industry’s annualized production rate of about 2 billion gallons since July. For more information: [EPA proposes lowering congressional RFS requirement](#)

Because of biodiesel’s success, the RFS program has also been a success, Jobe noted. Total advanced biofuel requirements, one fuel segment the RFS now tracks, have been met or exceeded every single year of the program. Still the EPA proposal reduces this target for 2014. The draft EPA proposal is under a 60-day comment period that ends January 28, and Jobe called on the industry to stand up against a future reminiscent of that George Orwell outlined in *1984*.

“Senator Obama’s policy vision is now President Obama’s law to implement. The law that was his vision as senator and that he campaigned and won on twice. It is mission critical that we remind President Obama and his administration of his history with this law. We will have to do so loudly and with such volume that the president himself hears it.

**“We have to be strong, and unified, and loud, and make our voices heard. History gives us glimpses of game-changing pivotal moments in time. 2014 represents one of those pivotal moments. It is up to us to make sure that 2014 does not become 1984. That Big Oil is not allowed to become Big Brother.”**

## **U.S. apple industry prepares for new EU restrictions, trade expansion**

As the European Union (EU) prepares to limit residues of a post-harvest chemical that’s widely used in the U.S. apple industry, some growers and shippers are bracing for even further declines in export sales to that region.

The European Union is in the process of lowering acceptable maximum residue levels (MRLs) of Diphenylamine - commonly called DPA – to 0.1 part per million on March 1 – a far cry from the 10 ppm allowed under international standards. Allowable levels for China and Canada are slightly lower, at 5 ppm.

DPA is a plant regulator applied to apples and pears after harvest to manage skin disorders which are referred to as scald. After several months of storage, scald typically appears in the form of irregular brown areas on the skin of the fruit. The flesh below the affected area may become soft and discolored.

A lot of the MRL levels in the EU are very difficult to meet, noted Jim Allen, president of the [New York Apple Association](#), during a Senate Finance Committee hearing on Trade Promotion Authority (TPA) last week. And even if growers don't use DPA, the risk of cross-contamination in areas where apples had been treated is too great for shippers to meet the newer EU residue level.

As a result, **“We won't be able to go into the EU as long as that material has been used,”** Allen said. Only organic apples would not be affected by the change.

Last year, the United States Apple Export Council (USAEC) – which represents 11 apple-producing states - warned that the European Commission's decision to lower the MRL could end its trading relationship with European customers altogether.

However, some U.S. shippers are trying to protect their exports to Europe with new methods.

Ward Dobbins, who owns U.S. Apple Sales in New York, says there is no doubt that there will be an economic impact in the U.S. from taking DPA away as a treatment, but he started investing in alternative processing methods, including the use of lime, almost a year ago. Now his firm is one of three East Coast shippers that is DPA-free. Dobbins says apple sales to the United Kingdom have been a large part of his business, so the change “was probably more important to us than several other companies.”

“It seems like every couple of years they (the EU) come up with new restrictions,” Dobbins added, “but they are willing to pay premiums for the product.”

Dobbins expects sales of Empire apples to remain fairly constant as a result of the changes he implemented, but several other varieties produced on the West Coast, such as Red Delicious or Pink Lady, could see sharp declines in exports to the EU.

Little wonder then that the apple industry was pushing for new trade agreements on Capitol Hill last week, with renewed efforts to break down sanitary and phytosanitary trade barriers.

“Our industry urges Congress to support updated TPA (Trade Promotion Authority) legislation so that U.S. apple growers can grow our markets and supply nutritious and delicious U.S. apples to new markets around the world,” Allen emphasized. **“As we negotiate, we must be ever mindful that trade agreements must treat trading partners equally without imposing restrictions on one party and not the other.”**

On a national level, 33 percent of the 2012-2013 U.S. fresh market apple crop was exported, continuing the country's historic net surplus in apple trade, according to the U.S. Apple Association. During that same time period, the U.S. exported 46.7 million 42 lb. units, valued at \$1.16 billion, while imports of 10.6 million units were valued at \$198 million.

## California farmers face a new drought reality

Barriers occur in nature as in politics and there is no better example than California's expanding drought.

Nature has built a brick wall, a mass of high pressure air that has been blocking Pacific winter storms from coming ashore in California, even delivering rain and cold weather to the East Coast. Similar high-pressure zones pop up all the time during most winters, but they usually break down, allowing rain to get through to California. This one, gloomily, has anchored itself for 13 months, since December 2012, making it unprecedented in modern weather records.

**“It's like the Sierra -- a mountain range just sitting off the West Coast -- only bigger,” said Bob Benjamin, a forecaster with the National Weather Service in Monterey. “This ridge is sort of a mountain in the atmosphere. In most years, it comes and goes. This year it came and didn't go.”**

The current high-pressure ridge is even stronger and more persistent than a similar ridge that parked over the Pacific Ocean during the 1976-77 drought, one of the worst in the 20th century. With each passing week, California's lack of rainfall becomes more serious.

Last year was the driest calendar year in recorded history in California in most cities, with records going back 160 years. The first snowpack reading in the Sierra Nevada earlier this month found a snowpack of just 20 percent of normal.

Meanwhile, major reservoirs in Shasta and Oroville are each 36 percent full, about half of normal for this time of year. San Luis Reservoir near Los Banos is 30 percent full, 42 percent of normal. Major Bay Area water agencies haven't yet called for mandatory summer water restrictions, but are expected to make the decision soon.

**“California water policy and management will need to prepare for this new reality and its seeming inevitability and find solutions that support a strong economy and a healthy environment, while easing transitions for vulnerable groups,”** Jay Lund, Director of the UC Davis Center for Watershed Sciences, and Ellen Hanak, Senior Fellow at the Public Policy Institute of California said in a Water Blog. This has given the farm community a look at what they can expect:

**1. *Reduced diversions of water from the Delta seems inevitable.*** Greater environmental flow requirements are already reducing water available for agricultural and urban uses. New in-stream flow requirements and changes in climate seem likely to further reduce water diversions. This change will affect not only Delta water exporters – the current focus of policy actions – but also upstream and within-Delta diversions. [(Upstream diverters remove twice the water from the Delta as exporters and Delta water users combined (Lund et al. 2010)]. Reduced Delta diversions will significantly affect agricultural and urban water users and water management statewide.

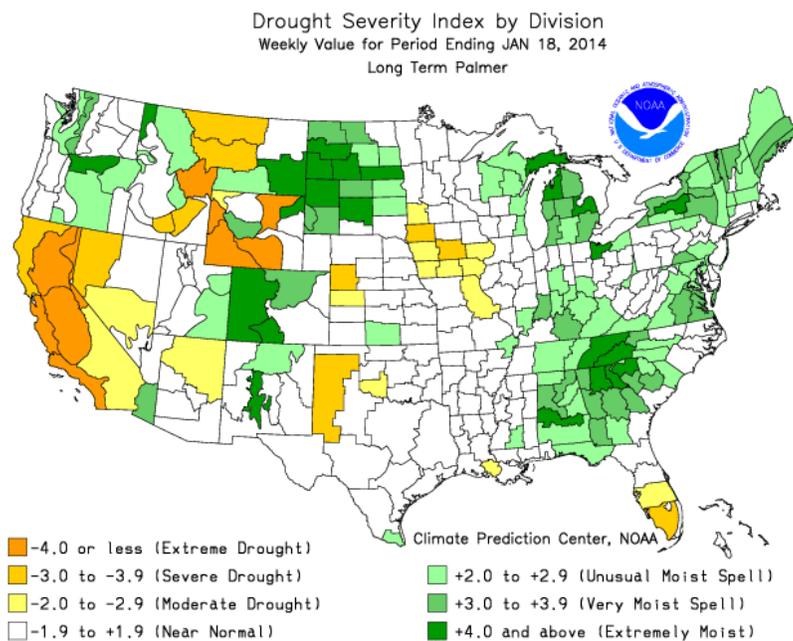
**2. *The Tulare Basin and San Joaquin River regions will have less irrigated agriculture.*** The Central Valley south of the Delta is a vast and highly productive agricultural region that substantially lives on borrowed water. Local inflows supply only about two-thirds of the 15.3 million acre-feet (maf) that the Valley consumes annually, mostly for crops. The balance comes from Delta imports (4 maf/yr) and groundwater overdraft [(1-2 maf/yr — by far the most overdraft in California) (Hanak et al. 2011)]. About 2.7 maf/yr of fairly saline drainage water and rare flood waters leave the region from the San Joaquin River, whose natural outflow would

be about 6 maf annually. Long-term reductions in groundwater overdraft, Delta imports and San Joaquin River diversions could reduce water availability to this region by 2-5 maf/year, requiring the permanent fallowing of up to 1-2 million acres of this region's 5 million irrigated acres. Some of this land will leave agricultural production for other reasons: Up to about 500,000 acres lack good drainage and are prone to salinization (USDOI 1990a, 1990b), and continued urbanization will further reduce farm acreage (Teitz et al. 2005). Although shifts to higher value crops (especially orchards) will likely maintain absolute growth in agricultural revenues and profits, some communities will be hard-hit by these transitions (Medellin-Azuara et al. 2011).

**3. California's groundwater will become more tightly and formally managed.** The same economic and environmental pressures that have led to tighter management and accounting of surface water in California will lead to more formalization of groundwater rights and management. Following decades of legal negotiations among users, aquifers in southern California and Silicon Valley are mostly adjudicated with formal pumping rights or managed by special districts with pumping fees (Blomquist 1992). Local efforts elsewhere are slowly moving towards more formal management (Nelson 2011). Because pumped groundwater ultimately reduces surface water flows in most places, groundwater use rights will ultimately be tied to surface water rights and environmental impacts, as they are in some other states such as Colorado (Lund and Harter 2013)/

Governor Jerry Brown has declared a drought emergency, "We're facing perhaps the worst drought California has seen since records began being kept 100 years ago..." Brown said during a press conference in San Francisco. "This takes a coming together of all Californians."

**Brown stressed that the state also will continue to work to streamline voluntary water transfers to "make it easier for someone who has water to sell it to someone who needs more." The governor cautioned, however, that the state can't govern its way out of a drought."**



And there are signs farmers are already adjusting to the new reality. **Harris Farms has announced it won't plant lettuce this year because of water concerns.** They are not alone. The Central Valley, already home to some of the highest unemployment numbers in California, will absorb more people without a paycheck. Westlands Water District, which is expected to receive little to no surface water this year plans to cutback acreage farmed to save water. District officials estimate that 200,000 acres out of 600,000 acres will not be farmed because of the shortage of water. About 15,000 to 20,000 acres of winegrape vines are expected to be pulled out according to wine broker Ciatti Co., the San Rafael, Calif.-based company said in an e-mailed report. The state has estimated wine grape acreage of 546,000 acres, according to the California Department of Food and Agriculture.

Ciatti adds, **“The state is seeing a mass pullout of all low-bearing crops. Farmers have been forced to shift from crop diversification to salvaging crops that will provide them the most long-term sustainability.”**

California accounted for 88 percent of U.S. wine production in 2012, according to the San Francisco-based Wine Institute. The U.S. retail value of Californian wine was an estimated \$22 billion in 2012, out of a total \$34.6 billion in wine sold in the U.S.

## **Spending law effectively bans U.S. horse slaughter - again**

Included in the \$1 trillion omnibus spending package President Obama signed into law Friday is a provision prohibiting funds from being used for USDA inspections of horse slaughter facilities. A similar prohibition was put in place in 2005, effectively banning horse slaughter in the U.S., but it expired in 2011.

Since the previous inspection ban expired in 2011, Valley Meat Co. in Roswell, N.M., attempted to convert its cattle operation to horse slaughter. Valley Meat, along with other companies in Missouri and Iowa, last year won federal permits to operate, but the Humane Society of the United States (HSUS) and a few other animal organizations filed suit against USDA to block those facilities from opening.

However, the appropriations bill is only in effect for the rest of the 2014 fiscal year, which ends Oct. 1, explained John Dillard, an attorney with OFW Law in Washington. So, the legal controversy could continue.

Some congressional opponents of an inspection ban say that without domestic slaughter facilities, horses are shipped across national borders, a process in which they are often mistreated.

“This is a 100 percent emotional issue,” Rep. Jack Kingston, R-Ga., said when the House Appropriations Committee approved the amendment effectively banning horse slaughter last year. “People now are sending horses to Mexico and Canada for slaughter.”

HSUS, which lobbied for the reinstated ban on funding for horse slaughter facility inspections, is now urging Congress to pass a permanent ban on domestic horse slaughter with the [Safeguard American Food Exports Act](#).

Sponsors of the horse slaughter amendment in the spending law included Reps. Jim Moran, D-Va., and the late Bill Young, R-Fla., Sens. Mary Landrieu, D-La., and Lindsey Graham, R-S.C.

“We stopped slaughtering horses on U.S. soil in 2007, and it’s the right policy to continue that prohibition,” HSUS President Wayne Pacelle said in a statement. “We hope that all parties associated with this issue can agree to stop the inhumane export of live horses to Canada and protect all American horses from a disreputable, predatory industry.”

## Ag groups seek bee forage summit to improve pollinator health

Several major agricultural groups have joined the Pollinator Partnership to ask USDA to convene a Honey Bee Nutrition and Forage Summit in October. The summit would coincide with the meeting of the North American Pollinator Protection Campaign (NAPPC), which will be hosted by USDA.

Such a summit could “serve as a springboard for actions to improve the underlying science as well as concrete steps that can improve nutrition and forage for honey bees,” Laurie Davies Adams, executive director of the Pollinator Partnership said in a [letter](#) to Agriculture Secretary Tom Vilsack. She said a forage summit could build on another USDA meeting scheduled for February focused on another threat to bee health, the varroa mite.

Supporters believe the meetings could bring greater understanding of the nutritional needs of honeybees, which are threatened by an as-yet unexplained syndrome known as [Colony Collapse Disorder \(CCD\)](#), and more opportunities to access bee forage on the American landscape.

Marginal farmland could include more pollinator habitat, especially if more research could contribute to a better understanding of the best bee nutrition on a regional basis, said Don Parker, manager of Integrated Pest Management for the National Cotton Council, which is one of the groups encouraging a Bee Forage Summit.

**“There are a lot of opportunities for us to improve the healthy habitat of bees through the use of public lands that do not have intensive agriculture,”** Parker added.

While farmland areas available for bee forage could include buffer zones or Conservation Reserve Program acres, he noted that government land within the Bureau of Land Management could potentially provide bee forage on acres that are currently underutilized.

### New study sheds insight on CCD

A new study provides keen insight into Colony Collapse Disorder (CCD), which wiped out entire hives of honeybees across the U.S. It suggests that bee deaths could be linked to a plant-pathogenic RNA virus, tobacco ringspot virus (TRSV), which replicates and produce virions in honeybees, resulting in infections that hit particularly hard on weaker hives. In addition, the virus was detected inside the body of parasitic *Varroa* mites, which consume bee hemolymph, suggesting that *Varroa* mites may play a role in facilitating the spread of the virus in bee colonies. This [study](#) represents the first evidence that honeybees exposed to virus-contaminated pollen could also be infected and raises awareness of potential risks of new viral disease emergence due to host shift events. About 5% of known plant viruses are pollen transmitted, and these are potential sources of future host-jumping viruses, according to the study. Researchers say these findings showcase the need for increased surveillance for potential host-jumping events as an integrated part of insect pollinator management programs. In the United States alone, honeybee pollination is valued at \$14.6 billion annually.

Cotton farmers are often approached by beekeepers seeking to use their property for bees during the pollinating season, Parker said, noting that cotton is a self-pollinating crop.

Still, he said, “We need to be able to cooperate with beekeepers to make sure we’re not jeopardizing their industry as well.”

Parker also said he hoped these summits could help inform the public of the multiple potential causes for bee decline, without solely focusing on pesticide use and other farm inputs.

Despite a number of claims in the general and scientific media, a cause or causes of CCD have not been identified by researchers. (See sidebar.)

Bee pollination is responsible for more than \$15 billion in increased crop value each year, according to USDA. Commercial production of many specialty crops like almonds and other tree nuts, berries, fruits and vegetables are dependent on pollination by honey bees.

## News in brief:

**Gates says world is getting better.** In their sixth yearly letter, Bill and Melinda Gates, the co-chairman of the world's largest charitable foundation seek to dispel “myths” that poor countries are doomed to stay poor, that foreign aid is a waste of money and that saving lives will cause overpopulation. “All three reflect a dim view of the future, one that says the world isn't improving but staying poor and sick, and getting overcrowded,” Bill Gates writes [in the 16-page letter](#). “We're going to make the opposite case, that the world is getting better, and that in two decades it will be better still.” Gates says GDP per capita figures show that many countries such as China, India, Brazil and even Botswana that were once considered poor now have growing economies and that Africa – despite the HIV epidemic – is making good progress. “I am optimistic enough about this that I am willing to make a prediction,” he said. “By 2035, there will be almost no poor countries left in the world.”

**‘Fed Up’ stirs food industry.** The latest [documentary](#) to attack the food industry, “Fed Up,” debuted Jan. 19 at the Sundance Film festival and aims to jump-start a full-fledged movement to address obesity in America. “We plan on taking this to the streets,” said Laurie David, who helped produce the documentary, along with broadcaster Katie Couric, who serves as narrator. David said the film, which compares companies like Kraft, Coca-Cola and Kellogg to tobacco companies which producers say lied to consumers about the dangers of smoking - would be accompanied by town hall meetings and a social action campaign. The International Food Information Council (IFIC) quickly tried to dispel some of the allegations in a [new blog](#). For example, Couric stated that “we do target sugar specifically because, with the low-fat food craze, we have really doubled our intake of sugar—Americans have—since 1977.” But IFIC says: “Not only do the data not support that statement, but the assertion is wildly outside the factual realm.” According to [USDA ERS Food Availability data](#), 21.4 teaspoons of caloric sweeteners per day were available per capita in the U.S. in 1977. In 2011 (the most current data set), 22.8 teaspoons of caloric sweeteners per day were available per capita per day. This equates to an increase of about 6.5 percent.

**Groups challenge Canada’s AquaBounty approval.** Environmental groups have filed a lawsuit in federal court in Canada challenging government approval of the manufacture of genetically engineered (GE) AquaBounty eggs. In November, Environment Canada decided that

AquaAdvantage salmon is not harmful to the environment or human health when produced in contained facilities. The Ecology Action Centre, Living Ocean Society and EcoJustice say the approval was unlawful because the government failed to assess whether GE salmon could become invasive, potentially putting ecosystems and species such as wild salmon at risk. AquaAdvantage salmon, also under review by the U.S. Food and Drug Administration, include a gene from the Chinook salmon that provides the fish with the potential to grow to market size in half the time of conventional salmon. FDA received more than 30,000 public comments after its preliminary 2012 assessment of the modified salmon found it would have no significant environmental impact. AquaBounty plans to grow the salmon eggs in Prince Edwards Island and then transport them to Panama. The Canadian government's approval allows the hatchery to produce eggs on a commercial scale instead of being used solely as a research facility. AquaBounty CEO Ron Stotish noted that the eggs are sterile and all-female. He called Environment Canada's approval a "significant milestone," although other approvals by regulatory authorities are needed before GE salmon can be sold on the market.

## Farm Hands on the Potomac . . . .

In Thursday's floor debate on the omnibus appropriations bill, Rep. **Hal Rogers** (R-Ky.) took some time to praise the House Appropriations Committee's Agriculture subcommittee staffer **Martin Delgado**, who is leaving Capitol Hill. "I would particularly like to recognize the clerk of the Agriculture Subcommittee, Martin Delgado. After 16 years, this is his last bill with the committee. How fortunate we have been to have him until the end. No one knows the ins and outs of agriculture appropriations like he does. He is a true expert in every sense of the word. We will miss him dearly and wish him Godspeed," Rogers said.

Informa Ecomics reports that **Joe Somers**, a 27-year veteran of the USDA's Foreign Agricultural Service, has been promoted to vice president. Joe is responsible for economic analyses and ag policy consultancy work in Informa's D.C. office. He joined the company in 2002 . . . Informa also named **Callie McAdams** a senior consultant with the company's Project Consulting Group in Washington. She's a former research assistant at Texas A&M.

**Heather McTeer Toney** has been chosen by President Obama as the administrator for the EPA's Region 4 office in Atlanta, which covers Alabama, Florida, Georgia, Kentucky, Mississippi, North Carolina, South Carolina, Tennessee and six tribal nations. An attorney, McTeer Toney was the first woman and the first African American to serve as mayor of Greenville, Mississippi, holding that post from 2004-2012.

**Jim Mulhern** has taken over as president and CEO at the National Milk Producers Federation with **Brenda Rowe** as his executive assistant. NMPF also promoted **Beth Briczinski** to vice president, dairy foods and nutrition; **Betsy Flores**, to vice president, animal care. In addition, **Jamie Jonker** is now the vice president of sustainability and scientific affairs.

D.C.-based Crossroads Strategies has registered to represent the interest of the Corn Refiners Association. The company was formed by **John Green**, one-time deputy chief of staff to Trent Lott, R-Miss., the former Senate Majority Leader, and **Stewart Hall**, ex-legislative director to Senator Richard Shelby, R.-Ala.

The National Potato Council chose **Randy Hardy**, the owner of Hardy Farms in south-central Idaho, as its president for 2014.

**Read Smith**, a Washington state grain farmer and former president of the National Association of Conservation Districts, and **Bart Ruth**, a Nebraska corn and soybean farmer and a former president of the American Soybean Association, will remain co-chairs of a 25x'25 executive committee, the product of a leadership restructuring at the land-based renewable energy advocacy group. Others named to the executive committee are **A.G. Kawamura**, a specialty crop grower and former secretary of the California Department of Food and Agriculture; **Martin Lowery**, executive vice president of external affairs for the National Rural Electric Cooperative Association; **Allen Rider**, former president of New Holland North America; **Nathan Rudgers**, senior vice-president and director of business development with Farm Credit East; **Jerry Vap**, a member of the Nebraska Public Service Commission; and **Fred Yoder**, an Ohio corn, soybean and wheat farmer, and a past president of the National Corn Growers Association.

**Monte Shaw**, executive director of the Iowa Renewable Fuels Association, resigned his position as the Third District member of Iowa's State Republican Committee to seek the seat of **Rep. Tom Latham**, a Republican who is retiring when his 10<sup>th</sup> term in the House ends later this year. Shaw, 41, said in a letter to state party leaders that he is giving up the post because of an earlier promise to remain politically neutral while on the committee. Shaw has previously managed the campaigns of former Rep. Jim Ross Lightfoot and Sen. Chuck Grassley, both Iowa Republicans.

The U.S. Grains Council's **Margaret Haberman** has retired. Haberman spent 15 years with the council, starting as a program secretary and leaving as director of finance and administration. Her last day was Jan. 17 . . . **Margo Long** has been hired as the Ohio AgriBusiness Association's education and event coordinator. The 2011 Ohio State grad has been working as a youth educator with Purdue University Cooperative Extension Service.

The National Association of Farm Broadcasting has hired **Mindy Oberly** as its marketing and communications manager. Oberly, who grew up on a family dairy farm in Michigan, spent the past 12 years with McCormick Co. directing account activities for clients including DuPont Crop Protection and Monsanto. Dr. **David Sjeklocha** is the Academy of Veterinary Consultants "Consultant of the Year." Sjeklocha is the staff veterinarian and operations manager of animal health and welfare for Cattle Empire LLC in Satanta, Kansas. The award, sponsored by Zoetis, recognizes outstanding achievements in beef-cattle medicine.

**Fred Middleton**, a former public relations director at the National Cotton Council, passed away on Jan. 10. He was 74.

**Best regards,**

**Sara Wyant**  
**Editor**

---

© Copyright Agri-Pulse Communications, Inc. All rights reserved. Reproduction or distribution in any form is prohibited without consent from Editor Sara Wyant, Agri-Pulse Communications Inc., 110 Waterside Lane, Camdenton, MO. 65020. Phone: (573) 873-0800. Fax: (573) 873-0801. Staff: Managing Editor Daniel Enoch, Senior Editor Derrick Cain, Associate Editor Sarah Gonzalez, Editorial Coordinator Ann Mueller, Contributing Editor Jim Webster, Associate Editor Aarian Marshall; Director of Marketing: Allan R. Johnson; Administrative Assistant: Sandi Schmitt. Marketing Assistant: Jason Lutz. A one-year subscription (48 issues) is \$527.00. To subscribe, send an e-mail to: Sara@Agri-Pulse.com, or visit: www.Agri-Pulse.com.