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Fairs struggle to survive as wildfire season approaches

State and county fairs were already struggling before the pandemic.

Before the stay-at-home order canceled events, fairs in California were already struggling under slim profit margins. A budget relief measure proposed by the governor would help some fairs in covering the costs for staff layoffs. But it would only apply to those under state affiliation and leave county fairs without a lifeline.

The state has increasingly relied on the network of 77 fairgrounds throughout California for staging emergency operations and housing evacuees during wildfires and other natural disasters. Instead of preparing for an expected above-average wildfire season this year, fairs are now planning for bankruptcy and closure.

“Fairs in California are in a situation like no other,” explained Sarah Cummings, CEO of the Western Fairs Association and the California Fairs Alliance. “About 10 years ago, the California fair industry hit what they thought was the worst crisis they could ever face with the loss of funding.”

Fairs had been partnering with the horse racing industry to drive revenues. As interest in horse racing dwindled, fairs shifted to be more aligned with the state, since many fairgrounds were state property and many employees were civil servants. This led to two years of funding at about $32 million annually from the General Fund through CDFA.

Following the Great Recession and austerity measures by then-Gov. Jerry Brown, fairs were cut off from the budget and forced to be completely self-funded, largely through events, which led to lean budgets. Fairs in urban regions, such as CalExpo in Sacramento, have been able to host a variety of events. Rural fairs often rely on limited staff and aging buildings and other infrastructure, while also acting as a hub for social gatherings among the local community.

As a result of the COVID-19 pandemic, the Department of Finance has projected fairs to lose $98 million in revenue between March and June. With little to no reserves, fairs have had to immediately lay off staff. The state-affiliated fairs, 53 in total, are laying off civil service employees, which creates a liability for the state.

Closing all fairs would lead to an estimated $200 million in liability to the state as a baseline figure, according to Cummings. The economic impacts to state and local economies are far worse. Fairs annually contribute more than $2.5 billion in indirect economic benefits, as well as $200 million in tax revenue for local and state governments.

“The elimination of social gatherings put an immediate halt to all business activity on fairgrounds, which has absolutely crippled our industry – not only the fairgrounds themselves, but all of our business partners that service fairgrounds,” said Cummings.

Sarah Cummings, CEO of the Western Fairs Association and the California Fairs Alliance

Many of the members in her associations have been sharing stories with her of layoffs, early retirements and potential closures. At the same time, fairgrounds have been deemed essential infrastructure during the pandemic and have served as command centers for state emergency services as well as for the Federal Emergency Management Agency (FEMA) and auxiliary sites for hospitals treating a surge of COVID-19 patients.

“So fairgrounds have been asked to step up and serve, but without revenue in return,” said Cummings.

In response, Gov. Gavin Newsom and his administration added $40 million in taxpayer support for state fairs to the May Revision of his budget proposal. This is expected to cover some of the legally mandated costs, such as salaries, payout of leave balances and unemployment insurance. The administration also promises to work with fairs and local governments on other options due to the lack of funding available in the budget.

The aim is to supply emergency support while the administration and Legislature address the much more challenging situation of the state’s relationship in funding fairs and “designing a new system” to continue to use the fairs for emergency operations, according to CDFA Secretary Karen Ross.

“We will be working with a network of fairs, with the legislature and with all of our stakeholders to really realign the state relationship with the state fairs and what their funding position will be going forward,” said Ross in a press call on the budget.

While fair associations appreciate the $40 million during such a time of belt tightening, they fear for the county fairs left out of the picture, according to Louie Brown, an attorney for Kahn, Soares and Conway representing the California Fairs Alliance. Brown testified at a Senate budget hearing that was scheduled on Sunday to make up for lost time.

“We're entering fire season,” said Brown. “(The CalFire department) doesn't ask if it's a county fair or a state agency fair when they need those properties for a basecamp.”

Many of those county fairs function as nonprofit organizations and have had the same relationship with the state when it comes to the overall statewide network, according to Cummings.

Brown pointed out that the governor’s budget proposal in January had included more than $18 million from money allocated by Assembly Bill 1499 (2018). He argued the revenue was generated by all fairs and should benefit all fairs and that the $40 million from the General Fund should be spread across all fairs as well.

The January proposal had also included $225 million to construct and retrofit facilities at fairgrounds and other locations as “community resilience centers” for wildfires. Another $500 million for hardening infrastructure in low-income areas would have supported emergency shelters at fairgrounds as well.

While the administration pulled a proposal for a climate resilience bond supporting, among many things, such infrastructure initiatives, the Legislature is still considering two bills proposing even larger bonds for the November ballot. AB 3256, for one, proposes $100 million for these modifications and upgrades, along with improving broadband access at fairgrounds.

Fair advocates are hopeful that the many initiatives proposed to support fairs at the start of the year are a testament to the need going forward. Still, there is a great deal of uncertainty as the recession deepens and the state grapples with multiple years of budget cuts ahead.

“There's so much more that could be done to support us as an industry,” said Cummings. “We've got, I would estimate, nearly 600 state civil service employees, and nobody even knows what their future entails right now.”

Budget cuts for SGMA funding could hurt farmers later

The pandemic-induced recession has come at a critical time for water planning in the state. The governor’s administration in January pitched ambitious proposals to help fund the implementation of the Sustainable Groundwater Management Act (SGMA) and cushion its impacts on farmers and local communities. In the May Revision of the budget proposal, however, all but one funding allocation from an earlier proposition have been withdrawn.

The cuts could have consequences for the local groundwater sustainability agencies (GSAs) currently in the midst of drafting expensive long-term plans on how their basins will come into compliance with SGMA over the next two decades. Dozens of agencies filed plans in January for the most critically overdrafted groundwater basins and have already been appropriated funding support for that planning and implementation. Yet the next deadline, for high- and medium-priority basins, is less than two years away.

"It's so important that SGMA is successful," said Danny Merkley, director of water resources at the California Farm Bureau Federation. "I don't want it to fail, because what we'll get will be far worse, far more draconian, with very unrealistic expectations from the regulatory agencies and legislators."

Merkley told *Agri-Pulse* he hopes to work with the Department of Water Resources on potential extensions for some deadlines to allow GSAs more time and flexibility to complete those plans.

Copies of Gov. Newsom's revised 2020-2021 state budget. Photo by Rich Pedroncelli, AP Photo/Pool

The process for developing the plans is often complex and expensive, requiring outside science and policy consultants, as well as funding for collecting data on basins, he said. The GSAs, more than 260 in all, often struggle under minimal budgets. Without more state funding, Merkley suspected the agencies would look to raise pumping fees on farmers.

Merkley pointed out that before the bills proposing SGMA were drafted in 2014, Orange County sought to develop its own groundwater sustainability plan and spent as much as $8 million in the process.

In his January budget, Gov. Gavin Newsom had proposed $40 million in taxpayer dollars from the General Fund to support those GSAs in the planning process. That proposal had included another $20 million to support water trading pilot projects across critically overdrafted basins and water efficiency improvements in depleted basins. While the May Revision withdrew this funding, the administration does plan to continue a $26-million allocation in Proposition 68 (2018) funding for SGMA implementation.

California Farm Bureau analyst Danny Merkley at the bureau's annual meeting in December.

As part of the governor's proposed "Climate Budget" of $1 billion in January, another $103 million from the General Fund was to go to efforts to support the Water Resilience Portfolio, including for groundwater management. The administration has now reduced this funding to $35 million and limited it to a project for cleaning up the Tijuana River. The Climate Budget also included a separate allocation of $35 million for portfolio investments covering other areas of SGMA implementation. While the administration has yet to finalize the portfolio, CDFA Secretary Karen Ross did say in a press call that she is looking forward to taking part in a new state interagency team on SGMA implementation.

"And we have the Water Resilience Portfolio to guide our actions," she said.

Beyond the General Fund, the administration was also pitching a climate resilience bond of nearly $5 billion. That would have delivered another $395 million to GSAs to support projects and programs for SGMA plans.

While the administration withdrew this proposal, another bond measure – for nearly $7 billion – which is advancing in the Assembly, offers the same amount of funding for SGMA projects. Assembly Bill 3256 would also bring $50 million to farmers and ranchers for projects that include groundwater recharge. Another $40 million would go toward on-farm water use efficiency projects. The Senate version of a climate resilience bond has stalled since January. It offers similar measures with varying amounts of funding.

With the Legislature back in session this month, both houses have been diving into lengthy budget hearings. Agricultural and rural interest groups have raised concerns over the budget cuts for SGMA, while putting a spotlight as well on areas where funding is increasing for water policies.

“We're particularly concerned that money for disadvantaged communities dependent upon groundwater – and the potential unemployment resulting from land fallowing – will not be available,” said Mary-Ann Warmerdam, senior legislative advocate for the Rural County Representatives of California, at a budget subcommittee hearing on Thursday.

Lauren Noland-Hajik, a policy advocate representing agricultural associations and commissions for the firm Kahn, Soares and Conway, worried that with the budget cuts and the potential for SGMA to fallow up to one million acres of land in the San Joaquin Valley, other water agencies are planning to increase staffing and charge farmers and other stakeholders to cover the costs.


CA. Sen. Henry Stern

“With all of these changes – and with drought, with cutbacks in water supply – we don't think it's appropriate for the State Water Resources Control Board to increase permit fees on an industry that may be shrinking,” said Noland-Hajik.

Lawmakers who are usually on the opposite end of agriculture have also been taking notice of the cuts.

In a budget hearing on Sunday, Sen. Henry Stern, who represents a portion of Ventura and Los Angeles counties, complained about the SGMA cuts, calling the money "crucial to get through this megadrought this year for California agriculture."

"These costs will come back to bite us," he said. "Whether it's pulling up short on fires, the drought, pending extinctions or the crisis in agriculture, they're not going to go away.”

Specialty crop growers start season with labor shortage concerns

Specialty crop growers are concerned about the lingering market and labor impacts of the coronavirus pandemic and say the virus will have an outsized impact on this growing season and seasons to come.

On a recent webinar hosted by the Farm Credit Council, growers from across the country said COVID-19 has made an already untenable labor situation worse.

Savannah Gillis-Turner is a contracted onion grower in Arrey, N.M., where the growing season started last week.


Sean Gilbert

She typically has a list spanning three full pages of naturalized immigrants wanting to pack vegetables in her onion shed; this year, it's been reduced to a page and a half.

“I’ll even say a page to be generous,” Gillis-Turner said. “People are afraid to go outside and to go back to work.”

Most of her onions are sold to Walmart stores, with a smaller percentage sold on the open market.

“A decision will have to be made on how we keep producing 'x' amount to fulfill our contracts with Walmart while working with less individuals in our facility,” she said.

Sean Gilbert, a Washington fruit grower, said he has already had to rip up 8% of his apple orchards. He said planning for the arrival of H-2A workers has been difficult in his area because of state rulemaking "that's changing by the day, by the week," and the ongoing tweaks make it difficult to plan how he will be able to harvest apples and other tree fruits.

The "emergency COVID-19 rules for agricultural workers" requires operators to educate workers about COVID-19, implement six-feet distancing measures in housing and workspaces along with disinfecting, and create isolation areas for sick workers.

“We’re still not sure if we’re going to be able to bring up the workers we intend to bring up,” he added.

Gilbert was anticipating getting 300 H-2A workers for this harvest, but he might only be able to bring up about 150.

He also noted since having to put social distancing measures in place in his packing house, costs have gone up.

“We’re doing a great job of keeping people safe, but it comes at a cost. We’re seeing our cost per unit is up about 40% on our packing lines,” Gilbert said.

Florida lettuce grower Toby Basore of Belle Glade was luckier than Gilbert and Turner, as most of his labor had arrived before COVID-19 restrictions started. However, he is concerned how many workers will be able to come back next year, especially if U.S. offices in Mexico are unable to process H-2A applicants in the near future.

Gary Van Schuyver, senior vice president at American Ag Credit — which provides ag loans and other financial services to producers in California, Colorado, Hawaii, Kansas, New Mexico, Nevada and Oklahoma — said increased costs are significant.

Gary Van Schuyver

"When you start spacing out crews and putting in workstations and trying to make sure you have adequate transportation in and out that you can social distance people, it's exponential," Schuyver said.

All three producers, who spoke on the Farm Credit Council webinar last week, said they appreciate programs such as the Paycheck Protection Program, Coronavirus Food Assistance Program, and USDA's Farmers to Families Food Box program, but want to see fixes moving forward.

For instance, Gilbert said there are some structural issues with the food box program.

"A lot of the money doesn't go back to the producers, it is getting absorbed in the wholesale markets," he said. He argues producers are having to compete against each other to get business when there are no markets abroad.

He also was disappointed apples were not included in CFAP; USDA has said it will allow for additional commodities to state their case for inclusion.

Basore would like to see the payment limitations in CFAP increased.

"I think the cap is $250,000; some growers lost that in a day," Basore said. He also joins a host of other businesses in calling for a longer window of time to allocate PPP funds. The current limit is eight weeks.

Regulatory hurdles aside, Gilbert, Basore, and Gillis-Turner are all concerned about the return of market demand from consumers in the coming months, but they noted they have no intention to decrease acreage for next year just because of the COVID-19 market impacts they are seeing today.

China ag purchases march on amid growing US tension

China is buying a lot more U.S. ag commodities and tearing down major import restrictions — just as it promised in the "phase one" trade deal — but the successes of the pact are being drowned out by growing animosity on both sides of the Pacific.

Last Thursday, the Department of Agriculture and Office of the U.S. Trade Representative released a new compilation of the latest "phase one" accomplishments, such as China lifting its bans on U.S. blueberries, barley and avocados.

"China has worked with the United States to implement measures that will provide greater access for U.S. producers and exporters to China's growing food and agricultural markets," USTR Robert Lighthizer said. "Under President Trump's leadership, we fully expect this agreement to be a success."

But President Donald Trump lashed out at the country on the same day.

“It came from China,” he said about COVID-19 after a meeting with African American leaders at a Ford Plant in Michigan. “We're not happy about it. We just signed a trade deal. The ink wasn't dry and, all of a sudden, this floated in. We are not going to take it lightly.”

Just Sunday, White House National Security Advisor Robert O’Brien compared China’s handling of COVID-19 to how the Soviet Union dealt with the nuclear disaster in Chernobyl.

“We want good relations with China and with the Chinese people, but unfortunately we're seeing just action after action by the Chinese Communist Party that makes it difficult,” O’Brien said on NBC’s Meet the Press. “And with respect to the trade deal, we'll see if they live up to it. But we're dealing in a new world now with (COVID-19). They unleashed a virus on the world that's destroyed trillions of dollars in American economic wealth that we're having to spend to keep our economy alive, to keep Americans afloat during this virus. So, we’re in a very different world.”

It’s unclear if China will live up to its promise to buy $36.5 billion worth of U.S. ag and food products this year, but the country is buying a lot of soybeans, corn, wheat, sorghum, pork, and beef.

USDA released its latest daily export sales report Tuesday showing a new sale of 258,000 metric tons of soybeans to China, 60,000 tons of which will be shipped in the 2019-20 marketing year. The remaining 198,000 tons is for 20-21 delivery.

More purchase announcements are expected later this week.

From May 8 through May 14, the latest compilation of trade data available, the Chinese purchased about 1.2 million tons of U.S. soybeans. That seven-day period saw Chinese companies agree to buy 734,400 tons of U.S. soybeans for delivery in the current 2019-20 marketing year and 462,000 tons for 2020-21.

It’s just the latest Chinese buying spree of U.S. soybeans, even as cheap Brazilian soybeans continue to flood the international market, and sources expect Chinese buyers to snap up a lot more from the U.S. this week.

Up until May 14, the U.S. has exported 12.721 million tons of soybeans to China in the current marketing year that started Sept. 1, says John Baize, an adviser for the U.S. Soybean Export Council. On top of that are 1.83 million tons that have been sold to Chinese buyers for 2019-20 but have yet to be shipped.

Leaving out the undelivered sales, that’s still a little more than double the 6.34 million tons for the same time period in the previous year.

And then there are the sales for 2020-21. So far, sales for the next marketing year total 1.03 million tons.

Baize says he expects China will still be in the market for some old crop, but most of the purchases from here on out will be new crop and sales will really start to ramp up in late July or early August.

But that's often a distant backdrop to the growing U.S.-Chinese animosity over China's role and culpability in the COVID-19 pandemic.

White House officials continue to call COVID-19 the "China virus" and last week Secretary of State Mike Pompeo launched into a biting tirade that went far beyond just blaming the country for allowing the virus to spread to the rest of the world.

John Baize, USSEC

"For several decades, we thought the regime would become more like us through trade, scientific exchanges, diplomatic outreach, letting them in the WTO as a developing nation," Pompeo said before taking any questions at a press briefing. "That didn't happen. We greatly underestimated the degree to which Beijing is ideologically and politically hostile to free nations. The whole world is waking up to that fact."

Beijing is pushing back. Chinese government spokesman Zhang Yesui on Thursday threatened retaliation in response to a House bill by Rep. Chris Smith, R-N.J., that would allow U.S. citizens to sue China for covering up information about COVID-19.

Zhang warned that China will monitor the legislation and "firmly respond with countermeasures accordingly."

Meanwhile, USSEC's Baize is still expecting that China is gearing up to significantly increase imports of U.S. soybeans, so long as importers continue to be able to avoid tariffs.

"The bottom line is we always expected most of their purchases will be shipped beginning in earnest in late July or early August and go through the rest of the year," he said.

East Africa slammed by locusts, floods and COVID-19

The desert locust, generally considered one of the most devastating agricultural pests in the world, has been hitting farmers hard in the Horn of Africa and the Arabian Peninsula for six months, devouring crops and pasture. Now flooding and the spread of the deadly COVID-19 virus are taking the situation from bad to worse as swarms of the voracious flying insect rob food from some of the neediest people on the planet.

Just one desert locust can eat its own weight in food per day, according to the United Nations Food and Agriculture Organization. That's still a relatively small amount – about two grams – but the average swarm size of roughly 40 million can consume as much food as 35,000 people in just a day.

Simon Missiri, Red Cross

There are already 22.5 million people in East Africa without an adequate food supply, according to the UN, and the situation could get much worse, say officials with the World Resources Institute (WRI), a non-profit group.

The critters come in overlapping waves, laying eggs, dying off and making way for new swarms that leave destruction of crops and pastureland in their wake, says Derek Woller, an entomologist with USDA's Animal and Plant Health Inspection Service.

"Combined with COVID-19, it's the perfect storm," Woller said.

There's virtually no threat to the U.S. from the desert locust, although Western ranchers do have to deal with swarms of grasshoppers that chew up large swaths of pastureland, leaving the fields looking like they've been scorched by fire.

The waves of swarms are in different stages, according to the most recent FAO report. Mature swarms of the pests are still thriving in parts of Kenya, South Sudan and Somalia, while the breeding process is in full swing in Ethiopia. Masses of eggs are hatching in Somalia, and large-scale breeding is taking place in Sudan.

Damage to crops and livestock from the locusts alone could amount to $8.5 billion this year in East Africa and the Arabian Peninsula unless immediate – and expensive – action is taken.

Yemen is also of particular concern, WRI officials tell *Agri-Pulse*. Hunger was already an issue in the war-torn country, and the locust infestation is exacerbating the nation's pain.

Waves of the locust have already shredded crops, and now the bugs are breeding, according to the FAO. New swarms are expected to emerge in June.

Aid for East Africa is pouring in from non-profit groups and institutions like the World Bank, but an area of the world that is already suffering from hunger and malnutrition is getting slammed by what the Red Cross is calling a triple threat.

Ethiopia, Kenya, Somalia, Djibouti, South Sudan, Tanzania, Rwanda and Uganda are some of the countries being hit hardest. The FAO tracks the pests on its "Locus Watch" web site.

Waves of desert locusts are swarming parts of Africa, devouring crops, and pasture. Photo Credit: FAO Emergencies.

"The ongoing flooding crisis is exacerbating other threats caused by COVID-19 and the invasion of locusts," said Simon Missiri, a regional director for the International Federation of Red Cross and Red Crescent Societies. "Travel and movement restrictions meant to slow down the spread of COVID-19 are hampering efforts to combat swarms of locusts that are ravaging crops. Flooding is also a ‘threat amplifier’ with regards to the spread of COVID-19 as it makes it hard to implement preventive measures.”

The flooding in East Africa is not out of the ordinary, but the locust swarms are extraordinarily damaging, and the COVID-19 pandemic is a unique occurrence that has the entire world scrambling.

And it’s why the World Bank has approved a $500 million program to help.

“Locust swarms present a double crisis for countries that are also battling the COVID-19 pandemic,” said World Bank Group President David Malpass. “Together, this food supply emergency combined with the pandemic and economic shutdown in advanced economies places some of the world’s poorest and most vulnerable people at even greater risk.”

The first phase of the funding – $160 million – will be distributed to Djibouti, Ethiopia, Kenya, and Uganda. Much of the funding will go to save farms that were ravaged, providing new seeds and financing “investments to strengthen surveillance and early warning systems so that countries are better prepared to combat future outbreaks.”

But the only real solution to stopping the immediate threat and preventing it from reoccurring is to spray a lot of pesticides, **says Andrew Ward, stewardship director for CropLife International.**

Even the most ardent groups opposed to pesticides have not been able to propose viable alternatives when it comes to combating the desert locust, said Ward, who noted that countries like India, Pakistan and Iran are preparing for the threat of the migrating locusts.

Pesticides are available to countries throughout East Africa, especially with aid dollars being brought in, but there are obstacles, and the COVID-19 pandemic is complicating matters.

“Ethically, we can’t just sit and wait for this to burn out. We need to do something about it. There is the technology there, but you need enough aircraft for spraying and enough product to spray,” Ward said. “I’m hoping that a combination of coordinated and well-planned efforts will bring the locust population down, but at the moment it’s a real issue of concern.”

FAO has developed a new tool that allows field teams across the world to map the movements of locusts across countries and notify government officials so they can potentially bring a swarm under control before it does severe damage. The agency’s eLocust3 is a handheld tablet and custom app that records and transmits data in real time via satellite to the national locust centers and to the Desert Locust Information Service (DLIS), based in the FAO headquarters in Rome. In addition, FAO is working on utilizing drone technology with the existing eLocust3 kits to give field teams the chance to survey more effectively and cover wider areas. Control drones can also spray pesticides.

Michel Lecoq, an independent consultant and orthopterist, is not optimistic. The “invasions will continue to follow one another in the future,” he writes in the latest edition of the Metaleptia newsletter, a journal dedicated to the study of locusts, grasshoppers and other similar bugs. Orthopterology is the scientific study of the order Orthoptera, which includes grasshoppers, crickets, locusts and other insects.

News Briefs

Ready to sip some Palos Verdes Peninsula wine? The Alcohol and Tobacco Tax and Trade Bureau (TTB) proposes to establish the "Palos Verdes Peninsula" viticultural area in the southwestern coastal region of Los Angeles County. The proposal follows a petition from James York, owner of Catalina View Wines, on behalf of the Palos Verdes Peninsula Winegrowers. The TTB designates viticultural areas to allow vintners to better describe the origin of their wines and to allow consumers to better identify wines they may purchase. The proposed viticultural area does not lie within, nor does it contain, any other established viticultural area. The proposed Palos Verdes Peninsula AVA contains approximately 15,900 acres, including 7 acres of producing vineyards, distributed throughout the proposed AVA. The primary varieties grown in the proposed Palos Verdes Peninsula AVA consist of Pinot Noir, Chardonnay, Merlot, and Cabernet Sauvignon. The proposed Palos Verdes Peninsula AVA takes its name from the Rancho de Los Palos Verdes, which was awarded as a land grant from the Governor of Mexican California in the early 1800s. To see the full notice of proposed rulemaking, click here. Comments must be received by July 27, 2020. Several other petitions are pending. To see the complete list, click here.

California receives historic $10 million for the Conservation Stewardship Program. Farmers, ranchers and foresters are eligible to receive up to $10 million in payments to further enhance their conservation practices and stewardship. Through the Conservation Stewardship Program, USDA's Natural Resources Conservation Service (NRCS) helps farmers, ranchers and forest landowners expand stewardship activities and receive payments for both their existing conservation work and new enhancements they undertake. Enhancements are available to help with soil health, pollinators, changing weather patterns, western forest structure, irrigation, rangeland health and more. "California has been a leading state in conservation implementation including USDA NRCS Environmental Quality Incentives Program participation for more than two decades," says RaeAnn Dubay, assistant state conservationist for Farm Bill programs. "This means we have hundreds of farmers who have successfully completed prior conservation projects and are well positioned to move to the next level of conservation with additional practices through CSP." Dubay added that in today's unfortunate pandemic circumstances, this $10 million investment in conservation can also help support rural economies throughout California. The 2020 application deadline is June 12 for 2020 funding. More information can be found at farmers.gov/

Deere & Company net income down 41% in Q2. Deere & Company reported lower sales and net income for the second quarter, but still beat some analysts' expectations and signaled that 2020 farm equipment sales will not drop as much as some had predicted. The firm reported net income of $665.8 million for the second quarter ended May 3, 2020, down 41% compared with net income of $1.135 billion for the quarter ended April 28, 2019. For the first six months of the year, net income attributable to Deere & Company was $1.182 billion, compared with $1.633 billion for the same period last year. "John Deere's foremost priority in confronting the coronavirus crisis has been to safeguard the health and well-being of employees while fulfilling its obligation as an essential business serving customers throughout the world," said John C. May, chairman and chief executive officer. "We've had good success in these areas thanks to the proactive measures we have taken to keep employees safe and our production facilities and parts distribution centers operational." Deere worldwide sales of agriculture and turf equipment are forecast to decline 10 to 15 percent for fiscal year 2020, including a negative currency-translation effect of about 2 percent. During a call with investors, Cory Reed, President, Worldwide Agriculture & Turf Division: Americas and Australia; Global Harvesting, pointed out that, because of investments made by both Deere and its dealers over the last 10 years, including Deere's investment in "critical precision ag infrastructure," the company was able to meet customer needs throughout the pandemic. He said there are over 200,000 machines digitally connected back to dealers that enable problems to be diagnosed and resolved without having to be in the field looking at the problem. Despite a lot of uncertainty ahead over commodity prices and trade with China, Reed said an aging fleet of farm equipment and the new technologies available today provide an opportunity for customers to lower their cost structure with new purchases. "In an environment where overall demand is the question, the thing that customers can do is invest to make sure they have the lowest cost of production of anyone in the market," he added.

Bayer close to $10B settlement of Roundup cases. Bayer is reportedly close to announcing a settlement of 50,000 to 85,000 lawsuits alleging exposure to its Roundup herbicide caused cancer, according to news outlets. Citing "people familiar with the negotiations," Bloomberg News reported the company has reached "verbal agreements" on a settlement worth approximately $10 billion. Bayer did not comment on whether a settlement agreement is imminent. "We've made progress in the Roundup mediation discussions under the auspices of Ken Feinberg, but in keeping with the confidentiality of this process, the company will not speculate about settlement outcomes or timing," spokesperson Chris Loder said. "As we have said previously, the company will consider a resolution if it is financially reasonable and provides a process to resolve potential future litigation." Feinberg, an attorney, was appointed by U.S. District Judge Vincent Chhabria to mediate in the lawsuits. He told Bloomberg he was "cautiously optimistic" a national settlement could be reached. Individual awards under the agreement "will range from a few million dollars to a few thousand each, said the people, who asked not to be identified because they aren't authorized to speak publicly," Bloomberg reported.

Plant-based food sales increase during pandemic. Plant-based foods are enjoying significant sales increases during the COVID-19 pandemic, an association representing the companies that make the products said Tuesday. "Retail plant-based food sales, like other retail food sales, experienced a significant spike in mid-March during peak panic buying," PBFA said. "During this time, plant-based foods were up a whopping 90% when compared to last year's sales. Throughout the four weeks following peak panic buying, total plant-based foods sales grew at 27%, which is 35% faster than total retail food." "This new data shows that consumers are turning to plant-based food options now more than ever," said Julie Emmett, senior director of retail partnerships at the Plant Based Foods Association. "Even after the highest panic-buying period, plant-based foods growth remains strong, proving that this industry has staying power." During the period of "panic buying" in March, plant-based meat retail sales were up 148% more than last year, "spiking at 50% over the peak panic buying of animal-based meat," PBFA said. "Over the four weeks following, plant-based meat sales continued to grow at a rate of 61%, over twice as fast as animal-based meat, during the same period." The data were compiled by SPINS, a "wellness-focused data and market analytics" firm, PBFA said. Meat sales have also experienced a significant uptick during the pandemic. "The week ending May 10 saw another enormous boost in both dollars and volume," said Anne-Marie Roerink, president of 210 Analytics in San Antonio, in a report released this month. "Following two weeks that saw sales up around 50% over the same week last year, the week of May 10 came in at +40.6%. Additionally, volume increased 27.8% versus a year ago."

Farm Hands West: Obregon joins Vision Import

Alberto Obregon has been hired as director of global procurement for Vision Import. In this position Obregon will manage and maintain relationships with the company's grower-partners. Obregon brings more than 20 years of experience overseeing export and import programs. He most recently worked for a private citrus company in Mexico, where he spent 13 years directing the general operation, managing export and domestic programs. Before that, he worked for the Secretary of Agriculture of Mexico from 1997 to 2007.

Patrinka Crammond has been brought on to work in business and program development for Shanley Farms. She previously worked as a retail program director at Savor Fresh Farms,and has also held role as a principal at Primo Sabor Marketing and a key account manager at Frieda's Specialty Produce.

Juan Sánchez Muñoz

Juan Sánchez Muñoz is headed to the San Joaquin Valley to be the new chancellor of UC Merced. Sánchez Muñoz currently serves as the president of the University of Houston Downtown. The Los Angeles native received a bachelor's degree in psychology from UC Santa Barbara, his master's in Mexican American Studies from Cal State Los Angeles and his doctorate in philosophy from UCLA. He taught at Cal State Fullerton and East Los Angeles, Pacific Oaks and Whittier Colleges. Before taking the helm at the Univ. of Houston, he served as vice provost for undergraduate education and student affairs and senior vice president for diversity, equity and community engagement at Texas Tech University. Muñoz succeeds **Dorothy Leland**, who stepped down last year, and **Nathan Brostrom**, who served in the interim.

Founder and president of McDill Associates, **Melissa "Missy" McDill**, has died at the age of 65. A native of Salinas, Calif., McDill established McDill Associates in the 1970s, which served the marketing needs of companies in various industries. More recently, McDill was focused on the agency's clients in the natural foods category, the rebrand of Pink Lady and the global launch of Cosmic Crisp apples.

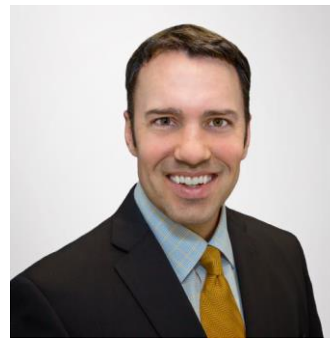
AMVAC, an American Vanguard Corporation company, brought on **Glen Donald** as the director of portfolio management and business development. He replaces **Neil DeStefano,** who is retiring. Glen comes to AMVAC from Phytelligence Inc., where he served as president and chief operating officer.

Michael Torrey Associates has added **Cassandra Kuball** and **Perry Harlow** to its team. Kuball has been hired as the new vice president and Harlow as the Member and Events Manager. Before joining MTA, Kuball served as a vice president of public affairs at Edelman, providing counseling to the firm's clients in the commodities, supply chain, agribusiness and global trade sectors. Before that, she worked for the Corn Refiners Association. Harlow comes to MTA from the National Association of State Departments of Agriculture (NASDA) Foundation where he worked as the coordinator of programs and grants.

The World Food Program USA appointed **Wendy Rhein** to be its new chief of staff. She previously served as the managing director of UNICEF USA's mid-Atlantic office. Before that, Rhein served as chief of staff as well as director of campaigns and new initiatives at UNICEF USA.

The Farmers National Company promoted **Matt Gunderson** to senior vice president of sales and marketing. Gunderson has been with Farmers National Company since 2014 and previously served as the vice president of farm and ranch management.

Jeff Bahr has been appointed to head of the sales and service team for Rural Community Insurance Services (RCIS), a subsidiary of Zurich American Insurance Company, supporting around 3,600 crop insurance agents and farmers and ranchers across the U.S. Most recently, Bahr was vice president and general manager of the west division for Zurich Direct Markets, an automotive insurance business.



Jeff Bahr

Zachary Gihorski has joined the team at NASDA as the new associate director of public policy, focusing on issues related to NASDA's food systems and nutrition and plant agriculture and pesticide committees. Gihorski recently got his law degree from Penn State Dickinson Law. He most recently worked at Olsson Frank Weeda Terman Matz PC as a government relations, policy, and legal intern.

Edwin (Ed) Jaenke, former governor of the Farm Credit Administration, died Tuesday, May 26, of complications of lung cancer. He was 89. Jaenke's career kicked off when he was named the agricultural economist on the staff of Sen. Stuart Symington, D-Mo. On that committee, he was assigned to the Senate Agriculture Committee staff during an investigation of USDA's handling of farmer-elected county committees during the Eisenhower Administration. He became governor of the Farm Credit Administration in 1969, at age 38 the youngest person to hold the office. To read more on Jaenke, click here.

Best regards,

Sara Wyant
Editor