

Despite aid package, farm groups look for solutions on trade

There were plenty of smiles and hurrahs at the White House last Thursday when Trump met with leaders of some of the largest farm groups to publicly unveil the assistance. However, some of those same officials expressed as much uncertainty as cheer after the meetings that ended up with a photo opportunity in the Oval Office.

“We will ensure that farmers get the relief that they need and very, very quickly,” Trump said in the Roosevelt Room, standing among farm state lawmakers, Ag Secretary Sonny Perdue, and representatives of the American Farm Bureau Federation, National Association of Corn Growers, American Soybean Association, International Dairy Foods Association, USA Rice Federation, California Farm Bureau, the Almond Board of California and more. **“It’s a good time to be a farmer. We’re going to make sure of that.”**

It’s a big promise as the U.S.-China trade war continues, there is still no clear path forward on the U. S-Mexico-Canada Agreement in Congress and Japan’s recent free-trade agreements with the EU and Pacific Rim countries put U.S. exporters at a disadvantage.

Payment rates for the row crops that make up most of the commodities covered under the direct payment portion of the new aid will be based on the impact of tariffs on individual counties, but USDA is not saying much officially beyond that. Tree nut producers, fresh sweet cherry producers, cranberry producers and fresh grape producers will also receive a payment based on 2019 acres of production.



Surrounded by ag leaders, President Donald Trump discusses the 2019 trade mitigation package last week at the White House. Almond Board Chair Holly King and California Farm Bureau President Jamie Johansson were part of the group.

Unofficially, government officials tell *Agri-Pulse* that USDA is using multiple statistical models to look at the direct and indirect impacts of tariffs on individual commodities, then applying those impacts on planting in counties to come up with payment rates for each county.

Government officials say USDA is clamping down on the details to try to prevent farmers from planting crops now based on what aid payment rates they might get, but tensions in the department are especially high after “inaccurate” news reports of specific payment rates for soybeans, corn and wheat.

USDA has not confirmed any specific rates have been assigned to individual commodities as it calculates county payment rates.

California Farm Bureau President Jamie Johansson urged the administration to go further in addressing specialty crops in this round. The package includes pistachios (the state’s top crop affected by the tariffs), almonds, walnuts, tree fruits and fresh grapes.

Johansson said: “Adding those crops will help further buffer rural California from the impact of the trade disputes.”

It’s unclear if “fresh grapes” would include winegrape growers. But industries that were seeing a rapid expansion into China would notice the \$100 million in the package for the trade promotion program. Johansson noted that it is down from \$200 million in the last package, when USDA had received \$600 million in requests for the program.

He told *Agri-Pulse*: "That's a strong indicator that at the end of the day, what we really want to do is extend that to expand our market. And those programs that allow us to do that are going to be well received."

Like most in ag, almond groups appreciated the package, but hope for a trade deal soon.

“None of the mitigation programs will begin to offset the financial impacts, the disruptions to our relationships with commercial partners” or the long-term effect on market investments, noted Almond Alliance President Elaine Trevino.

Another big question left open by USDA is how many payments farmers will get. Of the \$16 billion, the direct payment portion will be, at most, \$14.5 billion, and that will be split up into three tranches. The first tranche is set to go out in June or July, but there’s no guarantee there will be any more after that.

Will it be a third of the \$14.5 billion that goes out soon? More or less? USDA isn’t saying, but there will be more farmers divvying up the totals — whatever they are.

The direct payment, or Market Facilitation Program, in the 2018 aid package totaled more than \$8.3 billion and was split among cotton, corn, milk, pork, sorghum, soybeans, wheat, almonds and sweet cherries.

That's far different from this second package, which will be divided among producers of alfalfa hay, barley, canola, corn, crambe, dry peas, extra-long staple cotton, flaxseed, lentils, long grain and medium grain rice, mustard seed, dried beans, oats, peanuts, rapeseed, safflower, sesame seed, small and large chickpeas, sorghum, soybeans, sunflower seed, temperate japonica rice, upland cotton, wheat, pork, milk, sweet cherries, cranberries, grapes, pistachios, walnuts, almonds, pecans, hazelnuts and macadamia nuts.

Amid all the uncertainty of how much aid is really in the trade assistance package is the remaining uncertainty about the future of the Chinese market.

U.S. Trade Representative Robert Lighthizer and Chinese Vice Premier Liu He appear to be at an impasse in the negotiations to end the yearlong trade war, with no future rounds of trade talks scheduled, but it's not all bad news.

Trump's trade war is at another low point for negotiations, but China appears to be willing to capitulate in Geneva over two key U.S. ag trade complaints. It was during the final months of the Obama administration that the U.S. sued China in the World Trade Organization over the country's failure to enact tariff rate quotas as its price supports.

China's long-standing policies of propping up its grain farmers with artificially high prices and its failure to make the purchases it promised have cost U.S. farmers hundreds of millions of dollars in sales, according to farm groups.

China has now lost both cases, and on Tuesday its representatives at the WTO pledged they would not appeal the decisions.

The U.S. applauded China's decisions not to appeal, but officials said they will be monitoring China's actions closely to see whether it conforms with the rulings of the WTO dispute panels.

"We stand ready to agree with China ... on the reasonable period of time to implement the (WTO dispute panel's) recommendations," the U.S. said at the WTO Tuesday

Neonicotinoid makers, enviros both applaud settlement

Pesticide companies and the Center for Food Safety are pleased with a legal settlement that involves canceling 12 neonicotinoid registrations and evaluating the effects of two neonics on endangered species.

Syngenta, Bayer and Valent U.S.A. agreed to the voluntary cancellation of a dozen registrations containing clothianidin and thiamethoxam as part of a lawsuit filed in 2013 challenging the registrations of 57 products. CFS and other plaintiffs, including four beekeepers, said EPA had not consulted with the Fish and Wildlife Service (FWS) under the Endangered Species Act about the products' effects on federally listed species.

The judge in the case largely found for EPA, saying the plaintiffs had not shown the products posed an “imminent hazard” to endangered species. But U.S. District Judge Maxine Chesney also said EPA should have engaged in an interagency consultation required by the ESA. The parties in the lawsuit have agreed that EPA will finish biological evaluations on the impacts of clothianidin and thiamethoxam on endangered species by June 30, 2022. If EPA determines the neonics “may affect” listed species, it will have to consult with FWS.



Kris Kring

Syngenta, which is pulling six registrations, said the terms of the settlement “clearly support America’s farmers while ensuring continued protection of the environment. The settlement ends the litigation and allows EPA to refocus its time and resources to fulfilling its obligations under the (ESA).”

Syngenta said only one of the six products had been commercialized. That product, Avicta Complete Corn 500 seed treatment, had an “insignificant” commercial footprint, Syngenta spokesperson Ann Bryan said.

“The settlement allows growers continued access to trusted neonicotinoid products containing thiamethoxam, essential for controlling destructive pests, managing resistance and supporting integrated pest management,” the company’s statement said.

Similarly, Bayer said it was happy with the agreement. **“They were not active products in the U.S.,”** said Kris Kring, vice president and associate general counsel at Bayer in Durham, N.C., of the two products, clothianidin-based Emesto Quantum (for use on cotton) and Flower, Rose and Shrub Care III, which include clothianidin and imidacloprid. Growers “are not losing any tools,” she said.

Giving up the registrations of the individual products also does not mean Bayer is giving up the potential to formulate new products with clothianidin, Kring said.

Valent USA echoed the other companies’ sentiments, saying “growers will continue to have access to trusted neonicotinoid products, essential for controlling destructive pests, managing resistance, and supporting integrated pest management.” **The Valent products affected include two seed treatments and an insecticide for use on turf and landscape ornamentals.**

CFS Legal Director George Kimbrell, who litigated the case, said the scope of the case was confined to 57 products because of the statute of limitations and other reasons. “The scope of the case was always going to be limited,” he said.

In addition, unless the active ingredients themselves were banned, he said pesticide companies would always be able to say there are alternatives. “You’re taking pesticides off the market,” he said. “To say that’s not environmentally beneficial doesn’t make any sense.”

Kimbrell said there are products of lesser risk to imperiled wildlife to which farmers could turn. “It’s not a given that farmers will switch to another neonic,” he said.

The settlement, he said, is both “practical and precedential,” Kimbrell said. “Removal of the pesticides is an absolute first.”

The most important part of the settlement, however, is the requirement that EPA assess the impacts of clothianidin and thiamethoxam on listed species, which the agency has not done, Kimbrell said.



George Kimbrell, CFS

State lawmakers attempt to tackle the farmworker housing shortage

Housing issues have consumed the legislature this year. Within that broad topic, bills proposing to boost farmworker housing in specific ways have gained traction, though questions linger over how much impact the measures would have with such a complex and locally driven issue.

The Legislative Analyst’s Office paints a dire picture of the crisis in California: “2.2 million extremely low-income and very low-income renter households are competing for 664,000 affordable rental units.” That segment includes migrant farmworkers. Housing has been an issue since the Bracero Program of the 1960’s, which allowed Mexican farmworkers to be brought in as temporary workers.

The problem is especially acute along the Central Coast. Monterey and Santa Cruz Counties are short by more than 1,000 additional units for farmworker families, according to the California Chapter of the American Society of Farm Managers and Rural Appraisers. Its annual report on ag lands sales cites increasing housing costs for farmers. Due to the new ag overtime law being implemented this year and the ongoing shortage of available workers, it expects “no discernible alleviation on the demand for more beds.”

The state legislators are also well-aware of the farmworker housing issue.

“In the district I represent, there is no doubt that the interface between urban and ag creates complications,” said Assemblymember Monique Limón, D-Santa Barbara, during a committee hearing on Assembly Bill 1783.

In that hearing, Assemblymember Robert Rivas proposed AB 1783, known as the Farmworker Housing Act of 2019, as a way to directly benefit farmworkers on H-2A guest work visas by streamlining the environmental



Assemblymember Robert Rivas presents on the Assembly floor during an informational tour

review process for developing new farmworker housing. The proposal builds on a similar bill passed in 2017, AB 35, which was designed for urban infill housing. The bill had immediate pushback from assemblymembers for adding to a broad precedent taking hold in the legislature of sidestepping the California Environmental Quality Act, or CEQA.

Rivas grew up in farmworker housing himself and was appalled by the conditions he was seeing now, with children of farmworkers left homeless and families living in garages, tents, vans and abandoned buildings, he said. United Farm Workers agreed and sponsored the bill, with farmworker rights icon Dolores Huerta speaking on behalf of AB 1783.

“There’s no reason why anyone should be against this important piece of legislation,” she said, during a press conference introducing the bill.

Western Growers opposed the bill, arguing in a statement that it “would not help mitigate the farmworker housing crisis and in fact would make it worse.” Matthew Allen, the government affairs director for Western Growers, raised concerns during the committee about the permitting process. He said growers would still be liable for the property when they turn over administration of the housing to a third party. Farmers are already taking ag land out of production to build housing using as much as a million dollars of their own capital, he added.

Attorney Lauren Noland-Hajick, representing several grower groups, also opposed the bill, citing NIMBY (not in my backyard) issues among local communities as the primary obstacle.

“We had some members building housing on the Central Coast make it all the way through the CEQA process and those houses, before they could be completed, were actually burned down by members of the community,” she said at the hearing.

Preempting this concern, Rivas designed the program to be voluntary, allowing farmers to opt in for the benefit. In his defense, he countered that the bill simply “makes it easier for farmers and nonprofit organizations to build dignified family housing.”

But Limón said the legislature often passes bills like this and yet the committee is back the next year discussing the same housing issues. Rivas acknowledged the shortcomings of AB 1783 as well.

“This bill won't solve all of our problems with regard to farmworker housing and the farmworker housing shortage,” he said.

After three committee hearings and a debate on the floor, the Assembly passed the bill last week and the Senate will soon take a vote.

Another farmworker housing bill in the Senate is AB 10, which has been quietly working its way through the legislature. That bill expands a tax levy from the Low-Income Housing Tax Credit and allocates \$25 million specifically for farmworker housing.

A number of bills have used this mechanism in the past to address housing issues. Former Governor Jerry Brown vetoed such bills in 2015, writing: “Tax credits, like new spending on programs, need to be considered comprehensively as part of the budget deliberations.” In a

similar argument, the California Teachers Association on principle opposed AB 10, and all other tax credits proposed, until a “comprehensive evaluation, including broader transparency and accountability can be created.”

The bill received unanimous votes from three committees and gained all the Assembly votes on the floor last week, though three members abstained.

Other bills have gone beyond farmworker housing to address energy efficiency for these homes, the excess costs for heating and cooling these rural homes and the inadequate water infrastructure for isolated farmworker communities. Many of these bills and these issues have returned to the legislature each session and will continue to be brought back for years to come, as housing dominates the conversation in Sacramento.

Organic farmers concerned over rising regulatory costs

The organic agriculture community often finds itself in alignment with California’s evolving sustainability goals. Yet a suite of new regulatory policies aimed at conventional agriculture is raising concerns among organic farmers over the future of what has been a rapidly growing market for their sector.

Growers cite new labor laws, inflexible inspections standards, rising costs for compost due to state fees and multiple layers of permitting as a few examples.

For Full Belly Farm, the compounding costs may lead to hiring fewer workers, cutting back from 80 crops to just five, growing less in summer and more in winter or ultimately raising food prices. Co-owner Jenna Muller said labor is about half the cost of operating the 450-acre farm.



Owners of the Full Belly Farm pose, with Jenna Muller at center. (courtesy Full Belly Farm)

Many issues are the same as conventional ag. Minimum wage is going up each year until it

reaches \$15 in 2022. At the same time, the new ag overtime law, under AB 1066, is being phased in, requiring Muller to eventually pay farmworkers \$22.50 for every hour worked beyond an eight-hour shift or a 40-hour week.

Like most organic farmers, Muller depends on labor more heavily than conventional farmers. Some labor is devoted to manually pulling weeds. Being a small and diverse operation, the farm does not rely on large harvesting equipment either.

At the federal level, meeting the new regulatory requirements for the Food Safety Modernization Act is “tricky.” She said the rules cater to conventional farmers, such as removing hedgerows that provide beneficial insects but could harbor pathogens (though the U.S. Food and Drug Administration has made an exemption to this) or enclosing fields with fences and netting to ward off birds and other animals. She is taking the steps, but it can be costly.

Muller said the farm is also facing higher fuel prices, which impacts their CSA (Community Supported Agriculture) deliveries. The cost has also been rising for compost, which is the primary source for nitrogen and nutrients in organic ag. Muller orders compost trucked over from San Francisco to Capay Valley, about 85 miles.



Jeff Huckaby, President of Grimmway Farms (courtesy Grimmway Farms)

“The restrictions that are put on the dairies in order for them to be able to sell manure is driving the cost of compost up significantly,” said Jeff Huckaby, president of Grimmway Farms, one of the world’s largest organic companies.

He added that water and air permits and county ordinances are driving up the cost for those dairies as well. **The regulatory costs in California have grown so large that Grimmway Farms, which manages 50,000 acres of organic vegetables, has considered pulling out of California entirely, said Huckaby.**

“California is by far the most difficult state to deal with that we farm in, out of the seven states,” he said.

Huckaby said the other states also have more viable H-2A guest worker programs. California requires farmers to pay for the travel, housing and meals, which is more cost-effective when growing more high-value crop like berries, he said.

Water scarcity is also leading to rising costs. The Sustainable Groundwater Management Act, which goes into effect next year, may make Grimmway Farms operations in the Central Valley “uncompetitive” compared to other states, said Huckaby.

To be more efficient with resources, the company developed a complex system of “extreme rotation” and cover cropping, which produces equivalent or even better yields than conventional agriculture and delivers a high-quality, consistent organic product, said Huckaby. But it is expensive and takes time and investment. Huckaby emphasized that the market still has plenty of room for smaller growers like Full Belly Farms, especially with farmers markets and CSAs.

The organic industry as a whole remains the fastest growing sector in the food industry. While it has edged off from multiple years of double-digit growth, U.S. sales in 2018 broke \$50 billion for the first time, according to a recent survey by the Organic Trade Association (OTA). **In 2016, the most recent statistics from the USDA, California accounted for 38 percent of total sales, at nearly \$3 billion.**

“In California, folks have been in organic a long time,” said OTA CEO Laura Batcha. “They’ve really figured out how to manage pests, disease, crop rotation and biodiversity within the organic standards really efficiently, with great yields.”

She pointed out that California is the only state to have its own organic program, which provides an additional layer of enforcement and surveillance on residue testing, closing investigations at a faster rate than the federal government. That helps to bolster the credibility of the organic label.

In a recent opinion piece for Agri-Pulse, Batcha explains the value in maintaining the standards behind that USDA organic seal.

The enduring growth for organic has been so promising that California Certified Organic Farmers, or CCOF, released a report in February urging the state to more than double the amount of farmland dedicated to organic agriculture by 2030, from four percent now to 10 percent.

“We really want policymakers to understand that organic is a solution,” said Kelly Damewood, CEO of CCOF. “As we are regulating for clean water, healthy soils, clean air and economic growth, we also have to think about what are incentive-based approaches to achieving California’s social, economic and environmental goals.”

Damewood said those goals often align with organic, but the industry could use more support in getting there. The three-year transition period to organic is a challenging and costly time for a grower, especially when limited materials and little research are available.

The University of California recently hired its first Cooperative Extension specialist for organic, Joji Muramoto, to address this gap. Batcha said technical assistance like this is critical—for the transition as well as for climate change. She gave the example of how the year-round retail market for organic leafy greens is pressuring growers to expand as far north as Oregon for the summer market. The hotter weather in California is creating heat stress for the delicate cell walls of baby greens, leading to a shorter shelf life. The changing landscape opens up opportunities for growers new to organic.

As a lost opportunity for the state to encourage sustainable ag, Damewood pointed to a State Water Resources Control Board program for reducing nitrate runoff in water supplies.

“The regulatory structure is set up in a way that it regulates organic producers who may not be using the same kind of inputs or posing the same risk as their conventional counterparts,” she said, adding that the state could instead find ways to incentivize organic growers in a complementary way to the regulations.

She said when it comes to agencies focusing on sustainability, organic has already been working in this area for decades and has one of the most meaningful labels in the marketplace, which is “backed by federal standards and federal enforcement.”

Jenna Muller of Full Belly Farms has also reached out to state lawmakers. Last month, she testified to the Assembly Agriculture Committee on behalf of Assembly Bill 958. If it had passed the Appropriations Committee, the bill would have subsidized a pilot program to supply organic lunches to Bay Area public schools. The author, Assemblymember Cecilia Aguiar-Curry, D-Winters, said AB 958 would benefit students with more nutritional options, while Muller saw it benefiting farmers as well.

“For organic foods to survive and thrive over the coming years,” said Muller, “we need to get more creative in our sales outlets and find new markets for organically grown food.”

Disaster bill stalls on House Republican objections

Efforts to send a \$19.1 billion disaster aid package to President Donald Trump's desk have stalled twice in the last week amid objections from Tea Party conservatives. Republicans Chip Roy of Texas and Thomas Massie of Kentucky have both objected to unanimous consent requests required for a voice vote on the measure in the House.

The Senate approved the bill 85-8 last week after an agreement between Democrats and the White House allowed the legislation, which gives assistance to those hit by storms and wildfires in the last year, to move forward. But that didn't happen until House members were dismissed for the week, leading Roy to object to the voice vote on Friday and Massie to do the same during a pro forma session on Tuesday.

"If the speaker of this house felt that this was must pass legislation, the speaker of this house should have called a vote on this bill before sending every member of Congress on recess for 10 days," Massie said in his objection.

Roy and Massie have received bipartisan rebuke for their objections. House Ag Committee member and Georgia Republican Austin Scott said "more clowns showed up today to once again delay disaster relief" after Massie's Tuesday objection. Georgia Democrat Sanford Bishop, who chairs the House Ag Appropriations subcommittee, said he and Scott "remain furious that Americans continue to be denied the disaster aid they so desperately need." The House returns for another pro forma session on Thursday and is back from recess next week.

Innovators awarded 'Big Bang' funds for insect-based feed, wine pairing

Innovators developing a low-cost insect-based feed source and a wine pairing system were two food and agriculture recipients of over \$110,000 in "The Big Bang" funds announced last week.

The Big Bang!, organized by the Mike and Renee Child Institute for Innovation and Entrepreneurship, has been helping entrepreneurs start or grow business ventures for almost two decades through the competition, workshops, mentoring and networking opportunities. A record 105 teams competed this year for top concepts in food and agriculture, health, energy efficiency, engineering, clean energy technologies and economic development in California's Central Valley.

A team of four UC Davis graduate students and a researcher formed BioMilitus to develop the use of low-cost agricultural by-products to produce insects as nutrient-rich ingredients for feed in the poultry and aquaculture industries that doesn't compete within human food production systems. The firm uses black fly larvae to convert agricultural waste to livestock feed.

The Davis, Calif.-based company won the \$10,000 Central Valley Innovation Award, sponsored by UC Merced Venture Lab through Assembly Bill 2664; The Innovation and Entrepreneurship Expansion Bill; the \$7,500 People's Choice Award, sponsored by WilmerHale and HM.CLAUSE; the \$3,000 Food, Ag & Health Innovation Award, sponsored by the UC Davis Innovation Institute for Food and Health; and \$3,000 in services at the UC Davis-HM.CLAUSE Life Science Innovation Center. They also received \$1,500 in the Little Bang! Pitch and Poster Competition.

“We believe strongly in the sustainability and purpose of our company,” says Lydia Palma, a Ph.D. candidate in Biological Systems Engineering at UC Davis, and co-founder and chief operating officer at BioMilitus. The startup will use its prize money to help secure a location for its pilot plant, acquire equipment and begin production. Over the coming year BioMilitus plans to seek investors and board advisors and then secure a facility and begin larvae production.

PairAnything is on a mission to transform the \$70B U.S. wine industry. The Davis, Calif.–based startup took home the \$10,000 Food + Agriculture Sector Award, sponsored by AGR Partners and Gowan Co. for a digital platform for wineries to engage customers and extend the personalized experience of the tasting room.

“Consumers gain infinite enjoyment from wine through food pairing education, and spend wisely by buying only the wines they enjoy,” says founder and CEO Christy Serrato, who daylights as program director at the Sacramento Entrepreneurship Academy.

With PairAnything’s personalization and decisioning logic technology, small, family-owned wineries—which make up 97 percent of wineries—can thrive in the new economy, in which consumers demand individual experiences.



Christy Serrato (right), CEO and founder of PairAnything and Samantha Contreras, COO/VP of business development celebrate their award. Photo credit: UC Davis.

“A year from now, we will have our core platform developed, which will enable the wineries to offload administration of their wine club duties, and benefit from customer analytics to make better business decisions,” Serrato says.

Swine fever prompts Chinese consumers to diversify protein mix

The African Swine Fever outbreak in China is nothing new, but the impact on purchasing patterns of Chinese consumers might be.

Pork has long been the most popular protein in China, but rising consumer concerns about the product’s safety in the midst of a disease outbreak and a growing middle class with the ability to look elsewhere are chipping away at the protein’s domestic crown.

The signs were emerging last year, when an August 2018 USDA report predicted an increase in overall pork consumption, but found “the per capita consumption of pork in China is flat, or possibly falling.”

“With increasing living standards, consumers are diversifying their meat protein sources and adding more seafood, beef, and mutton to their dining tables,” the report noted.

“Moreover, poultry meat is growing in popularity due to consumer perceptions about chicken as a healthier protein.”

Since that time, the disease — which is fatal in hogs but poses no human health risk — continues to rip through the country, perhaps intensifying the issue for consumers. Concerns surrounding the disease frequently worked their way into conversations at last week's U.S. Meat Export Federation Spring Conference in Kansas City, Mo. Erin Borrer, an economist for USMEF, pointed to similar conclusions as had been cited in the USDA report.

“As incomes grew, they're going to consume more beef, more sheep meat, more seafood, and so I think that this whole ASF situation could really exacerbate that,” Borrer noted. She predicts that Chinese consumption of pork will rebound in time, but “this is a long-term game.”

“The ability to rebound after ASF could likely take a while and so you're looking at possibly permanent transformation of Chinese consumption,” she added. In some mass-feeding cases like factory or canteen feeding, she said the switch to poultry happened “like that.”



Erin Borrer, USMEF

The Chinese populace deciding — for any reason — to curb its pork intake could have ramifications throughout the global value chain. USDA estimates Chinese pork imports from all sources could drop more than 20 percent in 2019 as a dwindling number of consumers still looking for pork opt for cheaper domestic products.

As anyone involved in the global food system can tell you, consumer perception is a daunting opponent. Everything from GMO politics to the latest diet fad play a role in what ends up in shopping carts and — in turn — farmer pocketbooks. But when it comes to China's dietary planning, economics will still rule the day.

“Price will play a big part in how the consumption mix among proteins evolves in the next couple of years,” Joel Haggard, USMEF's senior vice president for the Asia-Pacific region, tells *Agri-Pulse*.

But just how that will shake up the global protein market remains to be seen. Haggard said it boils down to "a math equation" to figure out what pork shortfalls will need to be and what other protein sources — things like poultry, eggs, duck, and beef — will be used to fill the gap.

"Will all of all those increased imports of alternate proteins be able to make up for the pork? Still a little early to be able to say that," he said.

But Haggard also noted beef is seeing a major uptick in interest.

"Beef is going crazy in terms of import volumes, and that's going to stay strong," he said. At a recent conference in Shanghai, Haggard said beef booths for countries like Australia, New Zealand, and South American exporters "were very busy, and presume they were writing orders." U.S. product still faces a steep duty in the country — 37 percent — and will inevitably be "a long-term play," he said, based on the quality of the product based on an inability to compete with South American exports purely on price.

Haggard says there's been surveying in China to try to gauge consumer perception, but those surveys also come with questions of reliability and accuracy. He says a protein shortage in China is not a concern because of ASF.

"It's just a question of what they can transition into and how the markets react as they transition into them," he said.

Chinese consumers aren't the only ones making potentially permanent changes in ASF's wake. National Pork Board Senior Vice President of Science and Technology Dave Pyburn says some pork production facilities in China **"are now filled with poultry and don't know if they'll ever have pigs in them again."**

Keeping the disease at bay has proved challenging; getting rid of it has also brought complications of its own. Pyburn says where ASF has been detected, it has proved to be a rough disease to shake.

"I'm hearing that as units break with (ASF) they do try to depopulate, disinfect, have some down time and then repopulate ... I have yet to hear of any units that have successfully repopulated and kept the virus out again," he said, citing conversations with veterinarians traveling to China.



Dave Pyburn, National Pork Board

Estimates on the total ASF impact on Chinese hog production vary, but April estimates from Rabobank's Research team project production losses of 25 to 35 percent by the end of 2019.

News Brief:

Mexico opening doors to more imported chicken. The Mexican government will allow 55,000 additional tons of tariff-free chicken imports from the U.S. as the country works through an avian flu outbreak. The move raises the tariff-free quota to 355,000 tons of the imported poultry, according to Mexico's official gazette, and covers fresh, refrigerated, or frozen meat. The move is not without its restrictions; several U.S. counties are banned from exporting to Mexico based on an outbreak of Virulent Newcastle disease, which USDA has confirmed on 433 premises primarily in southern California. According to the Mexican government, avian flu has been confirmed in about two-thirds of the country's 31 states. USDA describes chicken as "the most affordable and preferred animal protein in Mexico" and expect 4.4 million metric tons of it to be consumed in 2019. Imports are expected to make up about 840,000 MT of that, with the U.S. expected to hold onto its dominant market share. The U.S. held an 86 percent market share in Mexico in 2017, but Brazil looks to be a more formidable competitor in 2019.

Farm Hands:

Bayer is bringing on four former democratic congressional aides through Invariant LLC to lobby on agricultural chemicals and biotechnology in farming. The four hired are **Anne MacMillan**, **Benjamin Klein**, **Eric Rosen**, and **Nicole Venable**. MacMillan is a partner at Invariant



Anne MacMillan

and previously served as the deputy chief of staff at USDA under former Ag Secretary Tom Vilsack. She also worked for Rep. **Nancy Pelosi**, D-Calif., under the House Democratic Steering and Policy Committee as a policy adviser. Klein previously served former Sen. **Byron Dorgan**, D-N.D., as a legislative director. He currently serves as the health and energy policy practice group leader at Invariant. Earlier in Rosen's career, he served as a counsel for former Sen. **Joe Biden**, D-Del., and now leads the technology practice group at Invariant. Venable, a previous chief of staff for Rep. Bill Jefferson, D-La., served as a lobbyist at the Bockorny Group Inc. and the McAllister & Quinn LLC. She also served as the director of international trade and global competitiveness at the U.S. Chamber of Commerce.

Justin Schardin now serves as the legislative assistant and economic policy adviser for Sen. **Dianne Feinstein**, D-Calif. He handles the portfolio for small business and commerce issues. He most recently worked as a fellow at the Bipartisan Policy Center. **Trevor Higgins** left **Feinstein's** office where he served as her legislative assistant. He left to take on a new role as director of domestic climate and energy policy at the Center for American Progress.

Bill Ball joined the House Natural Resources Committee as a deputy staff director under Rep. **Rob Bishop**, R-Utah. He previously served as the staff director for the Water, Oceans, and Wildlife Subcommittee.

Kyle Morse is the new communications director for Rep. **Doris Matsui**, D-Calif. Morse previously worked in the office of Rep. **Lisa Blunt Rochester**, D-Del., as her press secretary.

Carina Armenta now serves as the communications director for Rep. **Julia Brownley**, D-Calif. She previously served as Brownley's district director.

Kim Johnston has left the office of Rep. **Rick Larsen**, D-Wash., where she served as the chief of staff. **Terra Sabag** succeeds her as chief of staff, and previously served as the deputy chief of staff and legislative director. Sabag covers the portfolios of appropriations, foreign trade, labor and employment, and small business.

Ryan White returns to Sen. **Jim Risch's**, R-Idaho, office to become the deputy chief of staff. He was working in the Senate Select Committee on Intelligence under Sen. **Richard Burr**, R-N.C., and before that served as Risch's legislative director.

Lauren Wodarski now serves as the press secretary for Sen. **Catherine Cortez Masto**, D-Nev. She was promoted from deputy press secretary.

Chris Perkins joins the House Natural Resources Oversight and Investigations Subcommittee as a fellow for Rep. **TJ Cox**, D-Calif.

After the acquisition of Actagro, Nutrien Ltd. hired **Casey McDaniel** to serve as the new managing director. McDaniel previously worked for Pinnacle Agriculture, serving as the vice president of proprietary businesses. McDaniel will be headquartered out of Fresno, California, which is where the company is based.

Clarissa Rojas moves to press secretary from press assistant for Rep. **Nanette Diaz Barragán**, D-Calif.

The Société de Chimie Industrielle awarded the 2019 International Palladium Medal to FMC Corporation Chairman and CEO **Pierre Brondeau**. Brondeau received the award May 22 at a dinner in New York City. He received this award based on his contributions to the chemical industry and his leadership in enhancing the international aims and objectives of the Société de Chimie Industrielle. Brondeau joined FMC in 2010 as president and chief executive officer and was named chairman of the board later that year. His past experiences include serving as president and CEO of Dow Advanced Materials, a division of The Dow Chemical Company. Before Dow he spent 20 years at Rohm and Haas Company where he last served as president and COO.



Pierre Brondeau

Best regards,

Sara Wyant

Editor

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