

COVID-19 will cost California agriculture up to \$9 billion

A study commissioned by a coalition of California farm groups shows an industry grappling with massive losses related to the COVID-19 pandemic ranging from \$6 billion to nearly \$9 billion, or about 18% of the state's total farm gate sales last year.

“The impact is being felt in rural communities throughout the state that rely on agriculture for their residents' livelihoods,” said Farm Bureau President Jamie Johansson. **“We want legislators and regulators to bear that in mind and avoid making farming even more costly and difficult in California.”**



State lawmakers and the governor's administration have been racing through negotiations to pass a budget bill this month and begin to reconcile a deficit projected to be as high as \$54 billion. The resulting cuts in spending are likely to hurt critical programs for the industry, and policy advocates are closely watching proposals to further raise fees on farmers.

Already this year, the industry has lost \$2 billion due to both market disruptions and a jump in production costs following the outbreak, according to the report. Factoring in secondary impacts to the broader food economy, the total loss in output value is expected to be \$13 billion.

On the jobs side, state unemployment figures for April show a 13% loss for farm, processing and manufacturing sectors statewide. In agriculture, more than 94,000 jobs were lost. Adding in the food service and retail sectors, the number skyrockets to 800,000. Some of those jobs have likely returned since May, however.

Rural regions experienced much higher spikes. Kern, Tulare, Imperial and Monterey Counties are showing ag-related job losses ranging from 27% to 81%.

The report warns of the broader economic disruption to come for California's most vulnerable populations.

“The economic impacts fall disproportionately on impoverished, rural counties in the state,” the authors write. “Impacts to farm jobs, processing, and income tend to fall on workers that reside in economically disadvantaged communities in these rural counties.”

When it comes to the industry, markets that were already seeing broad disruption at the start of the year will experience the deepest economic impacts.

Dairy will be hit hardest, losing up to \$2.3 billion, according to the report. The sector began the year on a positive note, with the state completing its first year in the Federal Milk Marketing Order. Dairy farmers were pulling out of a difficult four-year period and beginning to see improvement in milk prices.



Anja Raudabaugh, CEO of Western United Dairies

With the sudden closure of restaurants and schools during the pandemic, farmers and processors scrambled to pivot supply chains to meet demand spikes from groceries and food banks.

“There was such an enigma around where the demand was and where the supply needed to go,” said Anja Raudabaugh, CEO of Western United Dairies.

Grape growers, meanwhile, stand to lose up to \$1.7 billion this year. The California winegrape sector has been facing a severe oversupply issue, following decades of record growth. While the situation was compounded by several factors, the trade war with China played a large role in crippling an emerging market that was seeing 400% growth.

Along with trade uncertainty, the report points out that the economic fallout comes at a time when California agriculture is facing broad disruption on other fronts – from water availability to rising labor costs due to new overtime and minimum wage laws, along with other water and air quality regulations that are raising compliance costs.

In third place following grapes, the flowers and nurseries sector will lose up to \$740 million from the pandemic fallout. Though florists were among the first to reopen under Gov. Gavin Newsom's phased plan, the sector has long been shrinking in California as costs rise along with competition from Latin America.

When the impacts of the shutdown first began to sink in, the state flower commission was quick to announce the sector was “is teetering on economic devastation,” with farmers, distributors and retailers facing poor odds for survival. Mother's Day is traditionally the biggest season for

flower sales and keeps those businesses afloat through the summer. The reopening of flower shops came just days before the holiday and at a time when public health officials were advising not to visit older loved ones.

Along with the loss in direct sales, farmers and businesses across the food chain have absorbed a wave of higher operating costs. The logistics involved in moving crops to new markets is a significant factor, but measures taken to increase employee health and safety and prevent further COVID-19 infections have been costly as well. This includes social distancing on packing lines, spending more time on cleaning and sanitizing and purchasing personal protective equipment.

On the opposite end, the report notes that some farmers have seen a modest rise in sales. Rice, processed tomatoes, canned fruit and other shelf-stable products saw a boost in demand, as panic buying cleared grocery store shelves in the first weeks of the governor's stay-at-home order. Sales for dry beans jumped by 20% during that time.

Another bittersweet glimmer of hope within the report is that California's competitors in agriculture may be experiencing worse economic effects from the pandemic, increasing demand for California products.

The report acknowledges that many more changes are still to come. For one, the industry raised concerns over access to crop protection materials during the stay-at-home order. That could reveal further disruptions during the summer growing season and add to losses.

A second wave of the pandemic or localized outbreaks could increase those impacts as well. Other economists have warned of a second wave in the recession, as more businesses supporting retail, restaurants and other frontline industries face closures. This could cause a drop in demand for the state's high-value crops.

More economic aid will be needed, the report advises.

“Federal support programs under the Families First Coronavirus Response Act (FFCRA) and Coronavirus Aid, Relief, and Economic Security Act (Cares Act) are welcome relief but provide insufficient funding to offset economic losses,” the authors write.

The 65-page study, the first to tally the coronavirus impacts on California agriculture, was conducted during late April and May and relies on available production, export and pricing data as well as surveys and interviews.

ERA Economics, a consulting firm led by agricultural economists from UC Davis, produced the survey for a coalition led by the Farm Bureau and including UnitedAg, Ag Association Management Services Inc., the California Fresh Fruit Association, California Strawberry Commission, California Tomato Growers Association and Western Plant Health Association.

New surprises in the evolving budget bills

As the next step in the ongoing budget process, the Legislature is set to vote on a new budget agreement later this week. More details emerged Tuesday about this compromise between lawmakers and the governor and where the spending cuts will come down. The situation is also

continually changing as more trailer bills have been introduced this week and will continue to be over the coming months.

“We made compromises across the spectrum,” said Gov. Gavin Newsom at a press briefing on Monday hours after he reached an agreement with the Legislature, though he shared little on the compromises made.

A joint statement that morning by Newsom and Senate President Pro Tem Toni Atkins and Assembly Speaker Anthony Rendon said the deal “required some tough decisions and more work remains ahead.”

While the governor is likely to approve the agreement before the July 1 start of the new fiscal year, the budget situation will remain fluid for months to come and all of the traditional budget deadlines can be extended. Tax revenues will come in July 15, two days after the Legislature returns from summer recess and begins work on “Budget 2.0,” as lobbyists are calling it.

“The final package of trailer bills – there is usually more than 40 – is not customarily finished until the final week before the August 31 adjournment,” explained Bob Gore, a policy advocate representing agriculture and irrigation groups for the Gualco Group, in an email to *Agri-Pulse*. “The governor then has until September 30 to decide.”

Gore added that adjustments could still be made through mid-October.

To close a projected deficit of \$54 billion, the administration and lawmakers are now agreeing to reduce state salaries by 10% and trim more than \$600 million from the two university systems, unless the federal government follows through with more aid before October.



The cut to UC campuses withdraws a 5% boost for the Division of Agriculture and Natural Resources (ANR) that was proposed in January by the Newsom administration.

“We are still sitting with less than half as many Cooperative Extension people in the field as we had 20 years ago,” said UC ANR Vice President Glenda Humiston, in a presentation to the California Food and Agriculture Board in May. “This is due to 20 years of either shrinking or flat budgets.”

The governor’s May Revision of the budget proposal then trimmed another 5%. Now the budget agreement adds another 7% cut, dropping ANR's budget to \$63 million.

Another surprise this week was the resurrection of the governor’s proposed Climate Catalyst Revolving Loan Fund in one of the many trailer bills supporting the main budget bills. Newsom had initially proposed the fund in January as part of his “climate budget.” The program would offer businesses low-interest loans for infrastructure improvements and green technology. This

would also support the CDFA's dairy digester, water efficiency and agricultural equipment upgrade programs, as well as composting projects and wood waste reuse. The new proposal carries the same language and works through the same mechanisms as the original.

Yet farm groups are still hesitant to endorse more loans for farmers and would instead like to see funding restored and improved for those incentives programs.

“Farmers are unlikely to take on additional debt, particularly small, diversified and socially-disadvantaged farmers, as well as the state’s dairy farmers, who have been operating in a deficient state for several years,” said Jeanne Merrill of the California Climate and Agriculture Network earlier this year.

The budget agreement to be signed this week by lawmakers includes a provision to allow the California Air Resources Control Board to reopen rulemaking on the state’s cap-and-trade market "in order to build a new cap-and-trade auction platform and market registry database."



UC ANR Vice President Glenda Humiston

Farm groups and some lawmakers have opposed the action, arguing it moves negotiations behind closed doors. It is unclear if the Climate Catalyst Fund will separately complement the cap-and-trade program or directly support it, according to Taylor Roschen, a legislative advocate for the California Farm Bureau Federation.

Meanwhile, a separate trailer bill is raising new concerns over the State Water Resources Control Board's approach to long-held water rights contracts.

The board would be allowed to take action on water quality certifications before the environmental review process has been completed to meet the requirements of the California Environmental Quality Act. Assemblymember Adam Gray, D-Merced, is arguing this would allow the board to force hydroelectric utilities to double the amount of water flows dedicated to environmental conservation.

“That could lead to enormous water losses for northern San Joaquin Valley growers without providing any proven benefits to fish and wildlife,” he writes in a recent op-ed for *GV Wire*. “Efforts are underway to force this issue out into the open so we can reach a reasonable compromise, but those efforts have fallen short so far. So, proponents are pushing for a vote as soon as possible.”

Variety of research, promotion projects help pollinators

It's National Pollinator Week, (June 22-28) and a good time to look at what's happening in the pollinator world.

American honeybee colonies showed some strong improvements over the winter of 2019, according to the Bee Informed Partnership's 14th annual survey, which was released on Monday.

During the 2019-2020 winter (1 October 2019 – 1 April 2020), an estimated 22.2% of all managed honey bee colonies in the U.S. were lost – a decrease of 15.5 percentage points compared to last year (37.7%), and a decrease of 6.4 percentage points compared to the 28.6% historic average winter colony loss rate documented by previous surveys.

Survey participants last year include 3,377 beekeepers collectively managing 276,832 colonies as of October 2019. The number of colonies managed by surveyed respondents represents 9.9% of the estimated 2.81 million managed honey-producing colonies in the nation, the report notes.

This year's estimate is the second lowest level of winter loss reported since the survey began in 2006-2007, and it directly follows the highest loss on record that occurred during the 2018-2019 winter. Similar to previous years, backyard beekeepers lost more colonies over the winter (32.8%) compared to sideline beekeepers (31.8%), but this difference was negligible. Commercial beekeepers experienced less drastic winter colony losses (20.7%) than the other two groups. Backyard, sideline, and commercial beekeepers are defined as those managing 50 or fewer colonies, 51 to 500 colonies, and 501 or more colonies, respectively.

Summer survey results provide a much different picture. During the summer 2019 season (1 April 2019 – 1 October 2019), an estimated 32.0% of managed colonies were lost in the U.S. This is the highest summer loss rate ever reported by this survey. It is much higher than last year's summer colony loss estimate of 20.0% (an increase of 12.0 percentage points), and much higher than the 21.6% average summer loss reported by beekeepers since 2010-2011 (a 10.4 percentage point increase), when summer losses were first recorded by BIP.

“The observed increase in summer mortality during 2019 can most likely be explained by the high losses experienced by commercial beekeepers (33.0%), according to the report. Their historic average summer loss rate was 22.0%. For the entire survey period (1 April 2019 – 1 April 2020), beekeepers in the U.S. lost an estimated 43.7% of their honey bee colonies (Fig. 1). This is the second highest annual colony loss rate reported since the survey began estimating this measure in 2010-2011. This average annual loss rate is greater than last year's estimate of 40.4% (a 3.3 percentage point increase), as well as the average annual loss rate since 2010-2011 (39.0%, a 4.7 percentage point increase). The report notes that lost colonies are represented by those that died or were combined with others, and that annual loss rate was not estimated by summing the individual summer and winter loss rates.

Cold storage for bees?

Rather than overwintering bees in states like California and Texas, researchers suggest keeping bees in cold storage (CS) for a period of time may prevent colony loss, according to a new Agricultural Research Service (ARS) [website](#).

“Colonies put into CS after a fall miticide treatment avoid reinfestation with Varroa that can migrate into colonies on foragers. Bees clustered inside the hive rather than foraging have greater longevity and require fewer resources. The cost of overwintering bees in CS also might be lower than in areas with warm winters if resources are limited and bees need supplemental feeding and miticide treatments,” the researchers noted.

Last fall, [ARS researchers released a new tool](#) that can predict the odds that honey bee colonies overwintered in cold storage will be large enough to rent for almond pollination in February.

“By consulting the probability table for the likelihood of a colony having a minimum of six frames of bees—the number required for a colony to be able to fulfill a pollination contract for almond growers come February--beekeepers can decide in September if it is economically worthwhile to overwinter the colony in cold storage,” researchers noted.

Even with this cost-cutting help, the research team found that revenue from pollination contracts by itself is not likely to provide a sustainable income to a beekeeper anymore. They followed 190 honey bee colonies and recorded all costs.

Considerable resources were expended to feed colonies and on varroa mite and pathogen control. Costs were about \$200 per colony.

Almond pollination contracts paid an average of \$190 per colony in 2019.

Pollinator Partnership raises awareness

National Pollinator Week was established 13 years ago by Pollinator Partnership (P2) to raise awareness about the significant work pollinators do to help put food on our tables. Due to concerns over COVID-19, P2 is urging members to think of a socially distant activity to celebrate Pollinator Week. For example, landmarks across the US and Canada will be lit in pollinator colors (yellow and orange) including multiple building lightings in Orlando, San Francisco City Hall, Niagara Falls, and the Toronto 3D sign, according to P2.

Over 30 state governors and many mayors of cities and townships across the US and Canada have signed proclamations supporting the observance of Pollinator Week. In addition, for the first time in any administration, EPA Administrator, Andrew Wheeler, has signed an agency wide proclamation for the EPA, joining Secretary of Agriculture Sonny Perdue and Secretary of the Interior David Bernhardt.

“Pollinators are vital to both our agricultural food supply and a healthy environment,” said EPA Assistant Administrator Alexandra Dapolito Dunn. “Protecting pollinators requires the work of dedicated people across the nation, and we are proud to partner with Pollinator Partnership to achieve our shared goals.” For a full list of pollinator activities, [click here](#).

BeeWhere grows

A coalition of agricultural groups led by the California Association of Pest Control Advisers (CAPCA) and the County Agricultural Commissioners and Sealers Association (CACASA) launched an online pesticide notification tool known as BeeWhere in early 2019 as a way to upgrade a decades-old system and enhance communication to avoid accidental colony exposures.

The program has nearly hit its target of registering 1.5 million honeybee colonies in the state since July 2019, according to Patricia Bohls, an environmental scientist with the Bee Safe program at CDFA, who spoke at a recent meeting for the department’s apiary advisory board. The USDA estimate for colonies in California last year peaked at about 1.8 million.

Kern County tops the list, at 166,000 colonies, while Tulare, Fresno and Merced Counties are each above 100,000.

Jackie Park-Burris, who sits on the executive committee of the California State Beekeepers Association (CSBA) and has been involved with BeeWhere, said when the coalition first came together for the project, the share of beekeepers registering was hovering at just 3%. The original laws for the registration requirement were passed in the 1980s.

“We need to continue this push to get more people registered, but we've done a very good job in a very short time,” she said. “But our notifications are still shaky.”

More than 19,000 “BeeChecks” have been run by applicators, growers and pest control advisors, which is when they check to see if any colonies are within a one-mile radius of the farm and if those beekeepers would like to be notified 48 hours ahead of an upcoming pesticide application. It saves time from the previous process of faxing or calling the local ag commissioner’s office during business hours to find out if any beekeepers put in a request for notifications.

Bayer, others launches new bee initiatives

In celebration of National Pollinator Week, Bayer announced two new initiatives: a nationwide call for the next generation of beekeepers and pollinator health advocates to apply for the Bayer Bee Care Blue Ribbon Beekeeper Award, and a seed giveaway program to make free seeds available to pollinator enthusiasts interested in planting forage through the Bayer Feed a Bee initiative.

The Blue Ribbon Beekeeper Award recognizes students between the ages of 12 and 18 who are actively working to support honey bee and pollinator health in their communities. Those who apply have the opportunity to win \$3,000 (1st place), \$2,000 (2nd place) or \$1,000 (3rd place) to support the continuation of their work or to help fund their college tuition.

"Now more than ever, it's critical that the industry recognize and empower students who will become our future scientists, resource managers, environmentalists, apiarists and educators," said Aimee Hood, regulatory and scientific engagement lead for Crop Science, a division of Bayer. "Whether they're already keeping bees or working in the lab to find solutions for pollinators' most pressing issues, such as a lack of abundant forage, Bayer is thrilled to seek out the next generation of biodiversity champions."

Last year, Bayer introduced the Blue Ribbon Beekeeper Award, which recognized past winners and standout applicants of its former program, the Young Beekeeper Award.

Several other crop protection companies offer pollinator programs, including Syngenta’s Operation Pollinator and Corteva’s Grows Pollinator Habitat.

Advocates for farmworkers say COVID issues need to be addressed

Farmworker advocates are sounding the alarm about the growing threat of COVID-19 to the more than 2 million people who harvest a wide variety of crops grown in the U.S.

Cases have been sprouting up all over the country, including at a Tennessee farm where nearly all 200 workers tested positive, but only three were showing symptoms.

“This is a problem that’s just beginning,” says Scott Faber, senior vice president for government affairs at the Environmental Working Group, which has been tracking the situation. “We’re seeing the first cases of COVID among farmworkers.”

EWG and Farmworker Justice have been working together on a map showing COVID-19 cases among farmworkers and are planning to release soon a breakdown of which states are taking action for farmworkers, and which are not.

“The evidence shows pretty clearly that farmworkers aren’t being protected. You can’t blame the growers — ultimately it’s the government’s job to set and enforce safety standards” and provide the resources to meet them, Faber said, adding that if Congress agrees to raise the Commodity Credit Corp. cap to aid farmers, “the first priority should be to test workers.”

In Immokalee, Fla., which has about 25,000 residents — many of them farmworkers or other low-wage earners — the positive testing rate for COVID-19 has been 36%, and one in every 25 people (over 1,200 residents) are infected. Judge Laura Safer Espinoza, a retired New York Supreme Court Justice who heads the Fair Food Standards Council in Florida, says testing came late to the community despite warnings in March and April from groups such as the Coalition of Immokalee Workers (CIW), which runs the Fair Food Program.

“Immokalee is like the canary in the coal mine,” she says. “You’re going to repeat that situation all the way up the migrant stream,” as workers move north along the coast.

Asked about whether those workers are being tracked, she says “there’s not even good contact tracing in the Immokalee community. I can’t imagine they’re doing it up there.”

The situation in Immokalee was such that Doctors Without Borders came in to supplement local testing efforts and help with education. The organization “usually goes to war-torn areas and very rarely works in the U.S.,” Safer Espinoza said.

She praised the growers who are part of the Fair Food Program, saying they had gone “above and beyond” to provide PPE and sanitation for workers during the pandemic, as well as food delivery in some cases, to avoid exposure at stores.

The Florida Fruit and Vegetable Association is urging members “to take stringent steps now to safeguard their workplaces and workers’ health as workers return” for the fall and winter growing seasons, spokesperson Lisa Lochridge says. “It’s the right thing to do to protect our workforce and our ability to continue to grow food for Americans.” She also said, “the vast majority of Florida’s harvest season had concluded” before the testing in Immokalee, “and guest workers had returned home or moved on to other regions.”

Shortages of personal protective equipment have eased up some since the beginning of the health crisis, but they may crop up again soon. Michael Marsh, president and CEO of the National Council of Agricultural Employers, says increases in COVID cases in some states, such as Arizona and Florida, could mean renewed competition between the ag sector and first responders for necessary PPE such as masks, gloves and sanitizer.

“Twenty-nine states and U.S. territories showed an increase in their seven-day average of new reported cases on Monday, with nine states reporting record average highs,” The Washington Post reported June 22. The states with the biggest increases over the last week are Arizona, Florida, Texas, Oklahoma, South Carolina, and Arkansas.

“We’re keeping our eyes on that,” Marsh said.

In Washington, which has a large worker population due to the fruits and vegetables grown there, it was difficult in the early weeks of the virus in March and April to get PPE and alcohol-based sanitizer and equipment, says Jon DeVaney, president of the Washington State Tree Fruit Association.



Michael Marsh, NCAE

“PPE delays in shipments were pretty significant,” he said.

“For the most part, now people have what they need to meet their requirements.”

Washington has taken a tough approach to health in the farm industry. On May 28, Democratic Gov. Jay Inslee issued a detailed set of requirements covering workers in field and orchard operations and packing houses, and when they are on employer-provided transportation. They include providing hand-washing stations and PPE at no cost.

As for testing, “To the extent feasible, employers must ensure timely access to COVID-19 tests for symptomatic employees and must provide transportation as needed,” the requirements say.

Farmworkers were pleased, with United Farm Workers vice president Erik Nicholson telling the Tacoma News Tribune they were particularly happy with getting clean PPE daily.

DeVaney says some growers are struggling to meet the new requirements, but “overall the compliance level is pretty good.” Nevertheless, “in some cases employers report that they have to use their disciplinary policies to ensure compliance.”

Face mask requirements will become more difficult to enforce as temperatures climb, he says. Both he and Bre Elsey, associate director of government relations at the Washington State Farm Bureau, say growers had no warning the requirements were coming.

Elsey says some farmers “can’t acquire the equipment they need to comply,” which includes hard-to-find parts for hand-washing stations that need to be within 110 yards of workers at all times.

One problem with the standards is that in some ways they conflict with GlobalG.A.P. requirements on which some grower contracts are based, Elsey says. That program has “created voluntary benchmarks for the certification of agricultural products worldwide,” according to GlobalG.A.P. For example, when it comes to hand washing stations, Elsey says Global GAP requires they not be inside orchard blocks.

“Compare that with the requirement from the state that it be within 110 yards [of employees] and you have a conflicting standard,” she says. “One requires you to violate the terms of your GlobalG.A.P. contract, the other would require you to violate new state rules. It’s a no-win situation.”

In the absence of the rules, “Farmers were successfully implementing additional safety procedures on their farms,” Elsey said. “Grower representatives haven’t seen a shred of evidence to suggest these are based in science, like the governor claims.”

NCAE’s Marsh says growers have been doing a good job following newly released guidelines for ag workers from the Centers for Disease Control. “I’m very proud of our members,” he says. “They’re doing yeoman’s work.”



Erik Nicholson, United Farm Workers

NCAE members employ about 80% of the 2-million-plus farmworkers in the country, including about 85% of the H-2A workers.

Faber, however, says there needs to be enforceable standards. CDC guidance “is voluntary. What we need is a ‘shall,’ not a ‘should,’” he says. He criticized the Occupational Safety and Health Administration for not issuing an infectious disease standard, a decision upheld recently by the D.C. Circuit Court of Appeals.

Safer Espinoza says the CDC guidelines are not being consistently followed in the state and that testing, while crucial, “only works if there are facilities for people to quarantine.” She and Faber also said sick leave with pay is essential.

The CDC guidance says, “If a worker is in employer-furnished housing, consider providing a dedicated space for the worker to recover away from others.”

Faber says the problem of COVID in the farmworker population needs to be addressed soon. One potential impact of not having enough workers to harvest fruits and vegetables would be rising food prices, he said.

“The important point here is we have a chance to act before things get really bad. We still have time to get this right,” he said.

USTR’s Doud says rising China purchases give credence to 'phase one' commitments

The Washington offices of the U.S. Trade Representative are buzzing as collaboration with China over the “phase one” deal continues and final preparations are made for the launch of the U.S.-Mexico-Canada Agreement, but Chief Agricultural Negotiator Gregg Doud said he expects both deals will lead to increased sales of U.S. farm products.

“We have been really busy,” Doud said in an exclusive Agri-Pulse interview. “Things in the last month have really been rocking and rolling around here.”

That’s because despite production and trade disruptions wreaked by the COVID-19 pandemic, the start of USMCA is just days away, U.S. ag exports to China are on an upward trajectory, and Doud is optimistic the trade trends will continue.



Gregg Doud

CHINA

China agreed in the “phase one” deal with the U.S. to buy a lot more soybeans this year than it did in the banner year of 2017, and Doud tells *Agri-Pulse* he’s optimistic the country will meet that commitment despite complications from the COVID-19 pandemic and rising doubt on Capitol Hill that it will be possible.

Critics point to the physical shipments of U.S. soybeans in the first few months of 2020 and how

far they lag behind 2017 — the baseline year set under “phase one.” From January through June 11, the U.S. has shipped about 3.6 million metric tons of soybeans to China, according to USDA data. That’s far below the roughly 9.5 million shipped during the same time frame three years ago.

But that’s the wrong way of looking at it, says Doud. China is making massive purchase commitments with new contracts that are substantially outpacing sales activity in 2017.

“Look at the export sales reports,” he said. “One of the ways you could look at this is to compare the pace in 2020 versus the pace in the base year of 2017. Go back and look at the export sales reports in 2017 and compare that to what we’re doing now and I think that will be instructive.”

According to [USDA sales reports](#), Chinese importers are significantly ramping up purchases, especially for the 2020-21 marketing year, which begins Sept. 1.

So far, in this calendar year, Chinese importers have contracted to buy 7,481,600 tons of soybeans, according to a compilation of USDA weekly trade data through June 11 — the latest available report. Of that total, 4,433,600 tons are old crop purchases and 3,048,000 tons are new crop purchases.

Compare that to 2017, when the total contracts for roughly the same time were 5,035,501 tons, composed of 4,488,501 tons of old crop (2016-17 marketing year) and just 547,000 tons of new crop (2017-18 marketing year).

Nevertheless, it’s still going to take a lot to substantially increase sales to China, which purchased 32.8 million metric tons of soybeans in calendar year 2017, especially given the fact that the “phase one” deal did not go into effect until Feb. 14 and China did not start exempting U.S. soybeans from tariffs until early March.

Another complicating factor is the uncertainty of just how much more China will need to import this year after the country gorged on cheap Brazilian soybeans in the early months.

There’s no way to know for certain, but John Baize, an analyst for the U.S. Soybean Export Council, said he is optimistic sales to China will continue to rise as state-controlled companies like Sinograin plan to restock the country’s emergency reserves.

Sinograin, Baize said, has made it public that it wants to put at least 10 million tons of soybeans back into the reserves, and that could happen over the next few months.

The USDA reported Tuesday a daily export sales report showing China bought another 132,000 tons of soybeans for 2020-21, and that's a small figure compared to what's ahead in the coming weeks, said Baize.

“I’m fairly comfortable things are going in the right direction,” he said. “In July, I wouldn’t be surprised to see (China) buying 5 to 6 million tons for 2020-21 and they may still yet buy some more (for 2019-20).”

Doud is optimistic, too, and capped off the *Agri-Pulse* interview with a sales pitch to China: “At these price levels for U.S. agricultural commodities, China will never have a better buying opportunity than they have right now.”

USMCA

The USMCA launch is still scheduled for July 1 and it's expected to go smoothly. But behind the scenes, officials up to the highest levels in the USTR and USDA are scrambling to address last-minute issues and make sure Canada and Mexico appear ready to deliver all that they have agreed to in the replacement to the North American Free Trade Agreement.

A primary area of concern is that Canada lives up to its promises to import more U.S. dairy and stop flooding the international market with skim milk powder.

“This is clearly something that we’re following very, very closely,” Doud said. “We’re days away from entry into force. We are still working to resolve these issues with Canada, particularly on the (tariff-rate quota) side of the equation, but (USTR Robert Lighthizer) has been pretty clear that if U.S. farmers are not given the full benefits that were negotiated, we’re prepared to use the dispute settlement.”

Another area of concern that for Doud and his boss, USTR Lighthizer, is Mexico's prolonged failure to approve any new biotech seed traits.

A key element of USMCA that's widely viewed as a new standard for future trade agreements is the biotechnology chapter; Mexico has not approved a new ag trait since May 2018.

“Even though Mexico has regulatory systems in place to evaluate biotechnology products and is one of the countries with the most authorizations for food and feed use in the world, the regulatory agency responsible for authorizing food and feed events is seemingly no longer processing applications,” according to a recent report from USDA officials stationed in Mexico City.

There are 18 biotech traits in the queue for Mexican approval, many of which have been waiting for more than two years. Companies like Monsanto and Syngenta are still waiting for Mexico to approve seven corn traits, five cotton traits, two apple traits, two potato traits, one soybean trait and one canola trait. Mexico is statutorily required to take six months for an approval.

Industry officials tell *Agri-Pulse* Mexico's halt in approvals was first simply viewed as a lull during the transition to a new administration under President Andres Manuel Lopez Obrador (AMLO), but that's no longer the case. The dearth in approvals, combined with anti-biotech rhetoric coming from within the AMLO administration, has the U.S. ag sector worried.

Doud tells *Agri-Pulse* that Lighthizer and Ag Secretary Sonny Perdue are working to resolve this with their Mexican counterparts. **“We have been and continue to be engaged with Mexican officials at the highest levels. ... This is something we are very closely coordinating with USDA,” Doud said. “There continue to be a lot of conversations between the U.S. and Mexico on this topic.”**

That's because what is at stake is the sanctity of USMCA and biotechnology agreements in this deal and deals to come. **“USMCA is really the gold standard for ag biotech in the context of free trade agreements, so given the commitments in there, it's certainly concerning what we are seeing,”** said Andrew Conner, senior manager for international affairs at the Biotechnology Innovation Organization. “But we're optimistic the governments are going to work through it.”

Another fire that USTR is hoping to put out is Mexico's increasingly hostile attitude towards pesticides. Mexico effectively banned the popular glyphosate herbicide last November, and the country's regulatory review for registration and reregistration has effectively halted, according to industry sources. Mexican Environment Secretary Victor Toledo recently wrote [a column](#) claiming the “immediate suppression of dozens of pesticides is urgent, starting with glyphosate, the most dangerous poison in the world” and that goes against the spirit of USMCA and threatens the future of registration and trade in hundreds of products, U.S. industry sources say.

Legislators urge USDA to include apple growers in CFAP payments.

A bipartisan group of 25 lawmakers sent a [letter](#) to Agriculture Secretary Purdue on Monday demanding that the USDA to include apple growers in the Coronavirus Food Assistance Program after the department decided to keep apple growers out of the program.

The group — including Democratic Reps. Jim Costa, TJ Cox, and John Garamendi from California, and Republican Rep. Dan Newhouse of Washington — represent states with significant apple production and cited data showing decreases in apple prices ranging from 6.5% to 24.9% during the COVID-19 pandemic.

The Coronavirus Food Assistance Program, a part of the larger Coronavirus Aid, Relief and Economic Security (CARES) Act, provides financial assistance to producers of agricultural commodities that suffer a 5% or greater price decline, had produce that shipped but was spoiled due to loss of marketing channel, had shipments that did not leave the farm, or had mature crops that remained unharvested.

“Steep price decline clearly makes apple growers eligible for CFAP payments, based on the USDA's requirement of a 5 percent-or-greater price decline between mid-January and mid-April as a result of the COVID-19 pandemic,” the members wrote.

This letter follows another from several organizations representing the apple industry that was sent on June 16. One of these organizations, USApple, claimed “approximately 95% of U.S. apple sales are made between packer/shippers and large supermarket chains, but data from these sales were not captured by USDA and therefore were not included in the CFAP analysis.”

"Apple growers take the same risks and work the same long hours as producers of row crops and livestock," Jim Bair, U.S. Apple Association President and CEO, said in a statement. "They worry about weather, pests and markets, and in most every way apple growers are indistinguishable from other farmers, so there's no reason not to treat them the same."

UCR wins \$10 million grant to synthesize data, advance sustainable practices

The University of California, Riverside won a \$10 million grant to develop artificial intelligence that will increase the environmental and economic stability of agriculture in the Western U.S. and train future researchers.

This Sustainable Agricultural Systems grant is one of nine given by the USDA's National Institute of Food and Agriculture, or NIFA, annually to shape the future of U.S. agriculture. It is the third-largest grant in UCR history, according to the university.

This project will focus on the Colorado River Basin and Salinas River Valley areas, which employ more than 500,000 people and generate roughly \$12 billion annually in revenue.

Over the last 20 years, the region has experienced major, prolonged droughts over the past 20 years, and is increasingly under attack by weed, pathogen, and insect invasions worsened by climate change. In addition to insufficient water, soil and water degradation from excessive salt and chemicals is also a threat. This project, which is planned to start in September, will develop solutions to these problems in the form of new data science tools, a new multistate cooperative extension program for growers, and a fellowship to educate future agriculture leaders, the UCR noted in a release.

One of the major challenges of this project will be teaching AI algorithms to synthesize massive amounts of data from a wide variety of sources. Vagelis Papalexakis, assistant professor of computer science and engineering, explained there is currently no one prevailing method for combining such radically different types of data.

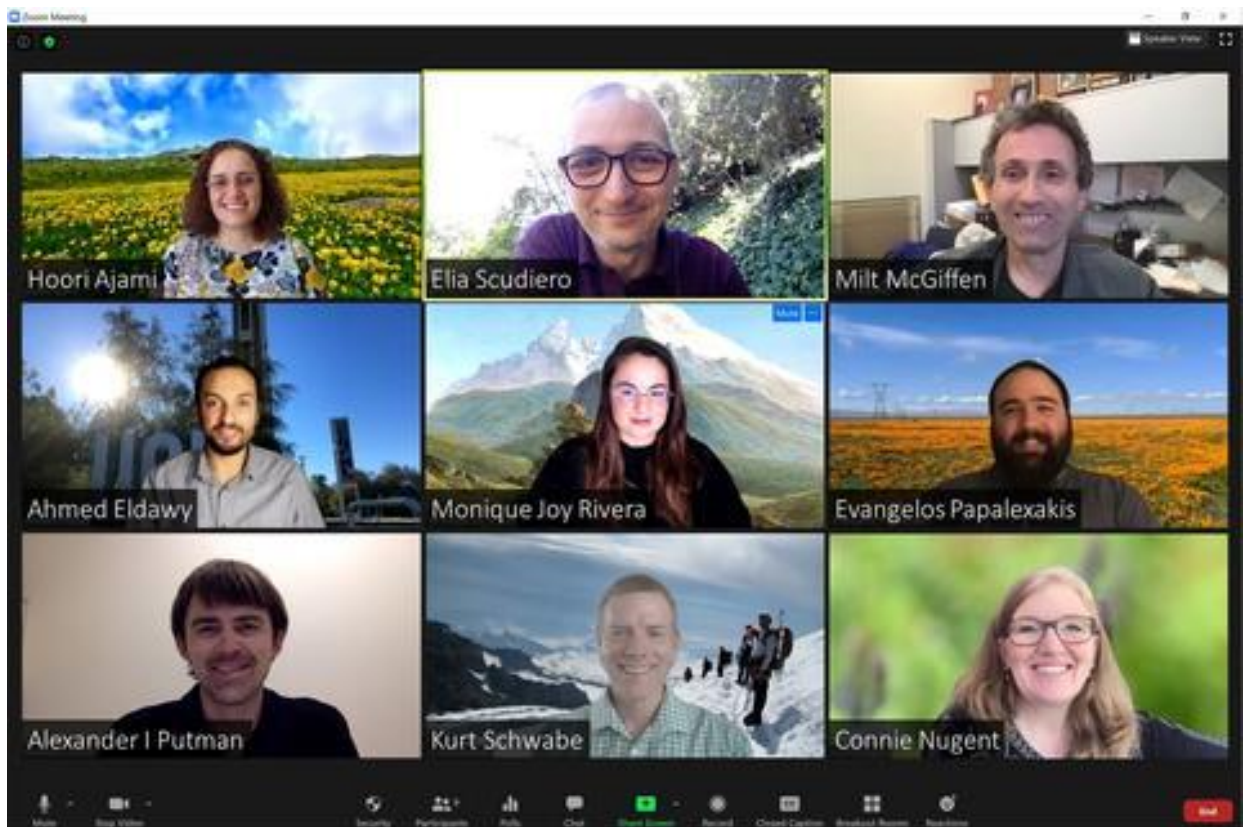
The crux of the solution, he said, will involve inventing new statistical and algebraic models that find repeated and generalizable patterns between seemingly different types of data.

“This will be an endeavor that will help make field management more efficient, reduce costs for growers, and make food more accessible,” Papalexakis said. “This by itself is an amazing prospect. But the lessons learned from this project also have the potential to advance core AI techniques for combining large, disparate data sets, which extend to a wide variety of real-life applications.”

Elia Scudiero, a professional researcher in UCR’s Department of Environmental Sciences, is the project’s principal investigator. In addition to Scudiero, the following UC Riverside scientists are involved: Hoori Ajami, Ahmed Eldawy, Milt McGiffen, Connie Nugent, Vagelis Papalexakis, Alexander Putman, Monique Rivera, and Kurt Schwabe. Partner institutions include UC Agriculture and Natural Resources, USDA Agricultural Research Service, University of Arizona, Duke University, Colorado State University, and University of Georgia.

Funds from this grant will establish a Digital Agriculture Fellowship program that will recruit more than 50 students over the next five years. Data, environmental, or agricultural science students will mostly come from UCR, while some will come from partnering institutions. Those coming from other universities will spend summers at UCR participating in career development activities. Students will be paired with faculty mentors to develop unique research projects they’ll undertake throughout their 1.5 years as fellows. Internships with key commercial partners are also a focal feature of the program.

“This work is very relevant not only for California, but for the entire U.S. Southwest because of water scarcity and other environmental challenges facing us all,” Scudiero said in the release. “We hope to bring transformative changes to the entire farming system in this area of the country and engage students, as well as the research and farming communities in the process.”



Leaders of the UC Riverside Digital Agriculture Team. (Credit: Elia Scudiero/UCR)

News Briefs:

Klamath Water Users' petition on reallocation denied. Farmers and other water users in the Klamath Basin have finally come to the end of the legal road in their attempt to get compensation for water that was reallocated to protect endangered fish in 2001. The Supreme Court on Monday declined to take up a petition seeking review of a lower court decision that said tribal water rights were senior to the water users', so there was no "taking" of their property. The case started in the Court of Federal Claims in 2001.

"The court accepts review of a very small percentage of cases," Klamath Water Users Association Executive Director Paul Simmons said. "Still, this development is very disappointing."

"We thought we had a decent chance, but it did not go the way we wanted," Simmons added. "There is no choice but to move on." Numerous ag groups filed amicus briefs in the Supreme Court supporting the petition, including Oregon Water Resources Congress, Family Farm Alliance, National Water Resources Association, Association of California Water Agencies, American Farm Bureau Federation and several state farm bureaus, and the counties of Klamath, Modoc, and Siskiyou.

USDA penalizes Fresno firm over PACA violations. USDA imposed sanctions on Versa Marketing Inc., in Fresno, Calif., for failing to meet its contractual obligations under the Perishable Agricultural Commodities Act (PACA) to the sellers of produce it purchased. These sanctions include barring the business and the principal operators of the business from engaging in PACA-licensed business or other activities without approval from USDA. Versa failed to pay \$792,939 to three sellers for produce that was purchased, received and accepted in interstate and foreign commerce from February 2018 to August 2018. This is in violation of the PACA. Versa cannot operate in the produce industry until April 23, 2022, and then only after they apply for and are issued a new PACA license by USDA. The company's principal, Alfred Goularte, may not be employed by or affiliated with any PACA licensee until April 23, 2021, and then only with the posting of a USDA approved surety bond. In the past three years, USDA resolved approximately 3,500 PACA claims involving more than \$58 million. PACA staff also assisted more than 7,800 callers with issues valued at approximately \$148 million, according to the agency.

APHIS announces additional \$2.8M for grasshopper and Mormon cricket control. USDA's Animal and Plant Health Inspection Service announced Monday that it will provide eight states with an additional \$2.8 million for suppressing high grasshopper and Mormon cricket populations. A warm, dry spring caused grasshopper and Mormon cricket populations in Arizona, Idaho, Montana, Nevada, Oregon, South Dakota, Utah and Wyoming to rise above normal population levels. According to a release, APHIS originally allocated about \$2.6 million for suppression treatments, but released additional funding due to requests from landowners and federal and state land managers. "APHIS anticipates treating approximately 750,000 acres in Arizona, Idaho, Montana, Nevada, Oregon, South Dakota, Utah, and Wyoming to suppress populations and protect rangeland resources," the release stated. "In total, these treatments will protect more than 1.5 million acres." Grasshoppers and Mormon crickets are natural parts of the ecosystem of the western U.S., but according to APHIS, above-average populations can lead to "serious economic losses to rangeland forage." The insects consume stems and leaves,

damaging the growth and seed production of plants. They can do significant damage to rangeland forage and destroy cultivated crops like alfalfa, wheat, barley and corn.

CBP seizes nearly 20,000 pounds of prohibited meat from China. U.S. Customs and Border Protection agricultural specialists seized 19,555 pounds of prohibited meats entering the country at a California port between April 6 and June 6. According to a [release](#), specialists found prohibited pork, chicken, beef and duck products that were being smuggled in boxes of headphones, door locks, kitchenware, LCD tablets, trash bags, swim fins, cell phone covers, plastic cases and household goods. The products, arriving from China, were intercepted at the Los Angeles/Long Beach Seaport. “Our close collaboration with our USDA strategic partners has resulted in an increased number of prohibited food products interceptions in a relatively short period of time,” Carlos C. Martel, CBP Director of Field Operations in Los Angeles, said in the release. “CBP agriculture specialists remain committed and vigilant of foreign animal disease threats.” China is currently seeing the effects of Classical Swine Fever, Newcastle Disease, Foot and Mouth Disease, Highly Pathogenic Avian Influenza, Swine Vesicular Disease and African Swine Fever. African Swine Fever, which is spread through bodily fluids of infected animals and has decimated China’s hog herds, has not yet entered the U.S. According to the CBP, 70% more prohibited meats were intercepted during the first five months of the fiscal year than the same period last year. Once the prohibited meats are captured, CBP reports the products to the USDA and then destroys them.

PepsiCo and Corteva Agriscience unlock full oat genome. The entire oat genome has finally been unlocked — and in just four months. PepsiCo and Corteva Agriscience announced Tuesday that collaboration between academics, government officials and members of the private sector has led to the sequencing of the full oat genome for use in open-source applications. “Through our collaboration with Corteva and a number of key partners, we were able to unlock answers to the difficult problem of sequencing the entire oat genome in just a few months’ time, a project that will benefit our own Quaker Oats brand and the broader oat community,” Dr. René Lammers, PepsiCo Chief Science Officer, said in a statement. “With this open-source approach, we hope to advance the science of oat breeding and ultimately improve food and nutrition security and farmer livelihoods worldwide.” PepsiCo and Corteva have released the genome to the public in an effort to “continue to advance oat research” to improve sustainability, nutrition and taste. The data can be found on [GrainGenes](#), a website published by the USDA Agricultural Research Service. “We are at an exciting time in oat genomics as technological advances have taken the oat community to the forefront of understanding how complex polyploid genomes function,” Dr. Jessica Schueter, an associate professor at the University of North Carolina Charlotte, said in a statement.

Farm Hands West: Cornelius retires after 54 years in produce industry

After 54 years of service in the produce business, **Rosie Cornelius** has decided to retire. She began her career as an office clerk for A&P Produce and spent six summers working in the firm’s Fresno office. She then joined G.A.C. Produce Co. Inc, where she stayed for 23 years, working in bookkeeping for five years before going into sales. She then interviewed for a buyer position at Bay Area Produce and stayed with the company for another two decades. After a stint at Grant J. Hunt Co., Cornelius joined MAS Melons where she will end her produce career on July 17.

Jeff Huckaby, president of Grimmway Farms and Cal-Organic Farms has been named the Organic Trade Association's Organic Farmer of the Year. Huckaby started farming in 1999 as Grimmway's farm manager. In 2000, he took over all of Grimmway's organic production throughout California. In 2001, he became general manager of Cal-Organic Farm when it was purchased by Grimmway. Huckaby has grown Cal-Organic's production from several hundred acres to more than 45,000 acres of organic vegetables on farms in California, Colorado, Florida, Georgia and Washington.

Earl's Organic Produce has promoted **Michael Stewart** to sales manager. Stewart has been with the company for more than 15 years, starting as a porter and most recently a sales associate.

President **Donald Trump** has notified Congress that he has designated **Jason Kearns** as chairman and **Randolph Stayin** as vice chairman of the United States International Trade Commission, effective June 17, 2020.

Environmental Protection Agency Administrator **Andrew Wheeler** has announced the appointment of 33 members to the Farm, Ranch, and Rural Communities Committee (FRRCC). **William Thomas (Tom) McDonald** of Five Rivers Cattle Feeding was selected as the incoming committee chair and **Lauren Lurkins**, Illinois Farm Bureau, was chosen as the incoming committee vice chair. Davie Stephens, American Soybean Association chairman, was also selected to serve on the committee. To view the other members appointed to the committee, click [here](#).

Federal Communications Commission Chairman **Ajit Pai** has made staff changes in the management of the FCC's Rural Broadband Auctions Task Force. **Nathan Eagan**, who has been the chief of the staff of the Task Force since 2018, has moved to the Office of General Counsel, and **Audra Hale-Maddox** will become the new chief of staff for the Task Force. Since 2012, Hale-Maddox served in the Auctions Division of the FCC's Office of Economics and Analytics.

John Deere has appointed new individuals to lead redesigned or newly created business units. **Cory Reed** has been appointed to the new role of president, Worldwide Agriculture & Turf Division for Production & Precision Agriculture Equipment and for the Sales & Marketing Regions of the Americas and Australia. **Markwart von Pentz** has been appointed to the new role of president, Worldwide Agriculture & Turf Division for Small Ag & Turf and for the Sales & Marketing Regions of Europe, CIS, Asia and Africa. **Jahmy Hindman** has been named the new chief technology officer overseeing the Intelligent Solutions Group. **Marc Howze**, currently serving as chief administrative officer, will continue in that role while also assuming the new role of group president of Lifecycle Solutions. These promotions went into effect June 16. Additionally, **John Stone** will assume his new role as president, Worldwide Construction & Forestry and Power Systems, on July 1.

Tony Thelan has added the title of chief product officer at John Deere Financial. He will also continue to serve as the vice president of global strategy.

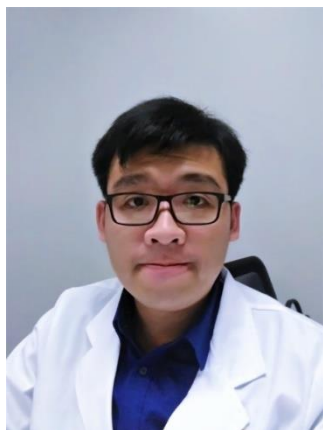
Syngenta Group Co. has officially launched the Syngenta Group, a new entity that brings together Syngenta AG, ADAMA and agricultural activities of Sinochem. The organization encompasses four business units: Syngenta Crop Protection led by **Jon Parr**, based in Basel, Switzerland; Syngenta Seeds led by **Jeff Rowe** and based in Chicago; ADAMA led by **Ignacio Dominguez**, based in Airport City, Israel; and Syngenta Group China, led by **Hengde Qin** and based in Shanghai. **Erik Fyrwald**, formerly CEO of Syngenta AG, becomes CEO of Syngenta Group; **Chen Lichtenstein**, formerly CEO of ADAMA, becomes CFO of Syngenta Group; **Steve Landsman** becomes general counsel, and **Laure Roberts** becomes chief human resources officer.



Erik Fyrwald

Tyson Foods has tapped **Dan Turton** to lead the global government affairs team as its senior vice president, effective June 29. He will be based in Washington, D.C., and report to **Amy Tu**, executive vice president and general counsel. Turton most recently served as a senior adviser to the U.S. House of Representatives Committee on Rules. He also previously served as vice president for North American public policy at General Motors.

The American Seed Trade Association (ASTA) has brought on **Fan-Li Chou** to be the new vice president of scientific affairs and policy. Chou currently serves as the agricultural biotechnology adviser to Ag Secretary Sonny Perdue and has held a number of different positions within the department. She will begin her new role with ASTA on Aug. 10.



Wei-lin Chou

ASTA has also announced its new leadership team for the 2020 year: **John Latham** with Latham Hi-Tech Seeds has been selected as chair, **Brad May** with BASF is the first vice chair, and **Jim Schweigert** with Gro Alliance is second vice chair.

Tom Moore with HM. CLAUSE has announced his retirement after having served the seed industry for 24 years. He has been very active in ASTA, participating on the Phytosanitary Committee, the International Executive Committee and the Emerging Diseases Committee. He also served as ASTA representative to the International Seed Federation Phytosanitary Committee.

Bernice Slutsky is also retiring from the ASTA staff after being with the association for the past 15 years. She most recently served in the role of senior vice president for innovation. Before joining ASTA, Bernice held positions at USDA, in the Office of the Secretary and the Foreign Agricultural Service, as well as with the Pharmaceutical Research and Manufacturers (PhRMA).

U.S. Wheat Associates has hired **Wei-lin Chou** as a Technical Specialist out of the Taipei, Taiwan, office. Chou earned a bachelor's and master's degree in agriculture chemistry from National Taiwan University. He brings experience as an assistant researcher for the China Grain Products Research and Development Institute and in technical sales for Thailand-based company Starpro Starch Co.

Eduardo Martinez, president of The UPS Foundation and UPS chief diversity and inclusion officer, has been added to the World Food Program USA's board of directors. As a board member, Martinez will support World Food Program USA's mission around the world on behalf of the United Nations World Food Program.

Tim Zurliene, the BASF Global Trait Management & Licensing Lead, passed away after a courageous fight with cancer. Zurliene started his career with his family's Zurliene Spray Service, and later took on sales roles with Rohm and Haas, Maritz Marketing Research and Agrevo USA. In 2002, he was named director of marketing services for Bayer CropScience and served in a variety of leadership roles. He was a lover of the outdoors, especially the North Carolina mountains. Due to COVID, there will be no immediate services.

Best regards,

Sara Wyant
Editor

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