

An ambitious new plan offers Delta water and economic hope for the San Joaquin valley

The San Joaquin Valley is bracing for the economic impacts to come from implementing the Sustainable Groundwater Management Act over the next 20 years. Without changes, the regulation could lead to more than a million acres of fallowing and as much as \$7 billion in lost revenues every year, with the worst financial impacts rippling down to California's most disadvantaged communities, according to a report released earlier this year. With this reality, a coalition has emerged around a complex and ambitious approach to bring water to the valley, one that could head off the worst effects of SGMA for farmers, the environment and communities.



A new plan takes a different approach to Delta water flows. (Photo of the Sacramento Delta, courtesy of the Department of Water Resources)

“We've already started,” said Scott Hamilton, an agricultural economist who works as a consultant for the coalition known as the Water Blueprint for the San Joaquin Valley. “But it’s a process that's going to take quite a bit of time and is fairly difficult.”

During a Fresno State seminar series on water infrastructure on Tuesday, Hamilton outlined a sweeping new approach that would pull excess flows from the Delta through a fish-friendly alternative to pumping, then funnel that water through new extensions to existing canals and store it using strategic groundwater recharge projects.

“None of it is cheap,” warned Hamilton. “We are now looking at around a \$9-billion program for the valley.”

He acknowledged the success of the plan hinges on one critical leap of faith: gaining approval from environmental and social justice groups to pull more water from the Delta. Before that could begin, the Newsom administration and federal agencies would have to settle their differences over the federal biological opinions and water agencies would need to return to the negotiating table to agree on a set of voluntary agreements the State Water Resources Control Board would approve.

To gain that buy-in, the Blueprint coalition, which began with agricultural interests, has been expanding its umbrella, Hamilton explained. Today it includes conservationists and advocates for safe drinking water and has incorporated their goals into its mission. The Blueprint team has also been expanding their engagement with state and federal policymakers.

The four-step sustainability plan is based on engineering proposals that have never been scaled to this size and level of complexity. Agencies have long searched for ways to better capture excess flows when atmospheric rivers and other storms pummel the state. But constructing Delta pumps and conveyance tunnels large enough to capture that excess has been a politically fraught endeavor for decades, and there is limited capacity for above-ground storage options.

The first step for the coalition has been to understand the water deficit. To fund the preliminary planning and pilot studies, it has partnered with individual sub-basins through the groundwater sustainability agencies established under SGMA. It found the problem was bigger than expected.

“We've got a 1.5- to 1.8-million acre-foot problem here,” said Hamilton. “That's incredibly large.”

By comparison, the whole of the State Water Project, on average, produces about 2.4 million acre-feet.

With the new goal in mind, consultants for the coalition did some research on basic fish biology to incorporate into the planning. Rather than pumps along the side of a waterway—which have been implicated in killing fish—the project would pull water from the bottom of the channel through a series of perforated pipes under a layer of gravel.

“Even the Delta smelt, which are the most sensitive of all fish in the Delta, have this natural buoyancy,” explained Hamilton. “They will stay in the water column as long as the downward velocities are slow enough.”

With a fish-friendly pumping mechanism, the plan then turned to extending the capacity of the California Aqueduct and the Delta-Mendota Canal to handle an additional 10,000 acre-feet, beyond the 15,000 acre-feet the Delta pumps are currently capable of delivering.



Scott Hamilton, president of Hamilton Resource Economics

To capture the flows, the state would build new recharge ponds, which could double as wetlands. They could also run send water down dry creek beds to restore riparian habitat and flood fallow row cropland during wintertime. Some districts are looking into deep-well injection. Others are considering deep subsurface recharge systems—again burying perforated pipes, which would percolate water into the aquifer at about 12 feet beneath orchards.

Agricultural economist David Sunding of The Brattle Group reported earlier this year that SGMA, in combination with the State Water Board’s current Bay-Delta Plan as well as sea level rise, state and federal pumping operations, and the San Joaquin River Restoration Plan, could result in reduced water deliveries of 22%.

“If nothing is done, if the state just accepts these changes, then I predict there would be roughly one million acres that would be fallowed as a result,” Sunding said during the discussion Tuesday. “There are economic consequences of that.”

To Hamilton, the \$7-billion loss to annual crop revenues justifies the investment in his sustainability plan. Sunding also found that 65,000 jobs would be lost in the valley, primarily among low-income communities and in a region where about 75% of the population lives below the state poverty line.

During the discussion, Amber Crowell, an assistant professor of sociology at Fresno State, described how a reliance on groundwater has left the valley in an exceptionally vulnerable situation.

“This has serious implications for the issue of water infrastructure,” she said. “The decline in agricultural production if these water issues continue, in a region with a monolithic economy that already struggles with so many socioeconomic disparities, where so many working class folks rely on agriculture for their livelihood—could have enormous consequences for the wellbeing and mobility and opportunity for valley residents.”

Amid slowdown, wineries brace for new costs from Water Board order

California regulators are drafting a proposal to expand water quality monitoring and reporting requirements to wineries statewide. The industry fears the added costs of compliance could cripple small businesses and that the regulation will ignore longstanding commitments by businesses and local governments to achieve sustainability goals—a hallmark of the California wine industry that serves as a valuable branding component as well.

The rulemaking comes as wineries have moved their tasting rooms outside and doubled down on online marketing strategies during the COVID-19 pandemic, and it follows a trade war that has stunted the industry’s rapid expansion into the Chinese market. Wineries are feeling further pain from an oversupply issue that has led to the removal of thousands of acres of vineyards this year. And the draft order is being debated as wineries prepare for harvest, which requires additional planning this year to ensure social distancing and to prioritize the safety of workers.

In a letter last week, trade groups pleaded with the State Water Resources Control Board to not rush the process for the Winery Order, arguing that winery managers are directing their energy to surviving the coming year and not on the many labor and environmental regulations under discussion across multiple state agencies.

“There's still a lot of discussion that needs to happen to make this order focus on addressing water quality and be workable for wineries,” said Noelle Cremers, a policy director for the Wine Institute, during a July workshop on the Winery Order.

U.S. wineries and winegrape growers are expected to lose up to \$6 billion this year due to COVID-19, according to a recent report by an industry analyst. Individual wineries will see up to 66% of their revenue lost. About 97% of all wineries will see losses from 36% to 66%, with smaller wineries hit hardest. Markets for on-premise sales and direct-to-consumer sales will each experience an 80% loss. The report anticipates that a full recovery for revenues will not happen until three to six months after a vaccine is widely available.

The Wine Institute, which is leading the industry engagement on the regulation, is calling the Winery Order “arbitrary and capricious,” writing in the coalition letter that the proposal places “unnecessarily burdensome” requirements on businesses “in many cases without adequate justification.”

To comply with the “incredibly complex” order, wineries would need to hire expert consultants, the group claims. The total cost for this, along with the additional monitoring and reporting requirements for discharges, could be as high as \$119,000 per year for some wineries, according to an industry analysis.

Cremers argued that many of these are small businesses with just three people managing the winery side. She suggests the State Water Board is confusing the amount of jobs created by wineries with the actual number of employees, adding that about half of California’s wineries are run by one person or a couple and don’t have any employees. About 600 of the 3,600 wineries in the state have fewer than five employees and another 300 have fewer than 10, according to the Bureau of Labor Statistics. This translates to a “very limited capacity” for meeting the order’s requirements.

Jessica Meyer, a policy advocate representing Saint Michelle Wine Estates, argued the order would cause an unreasonable financial burden on the higher-tier wineries as well. She said the requirements would amount to a dozen technical reports related to salt control, soil sampling and well installation, among others.

The order would increase the amount of wineries subject to permitting from about 500 to 2,000. The State Water Board’s intention is to streamline the permitting process, create consistency statewide and allow regional water boards to focus on developing orders for higher-risk activities. Regional staff directors have acknowledged the steep challenges the State Water Board has faced in consolidating the differing approaches to waste discharges into one order.



State Water Board Chair Joaquin Esquivel

When two regional water boards and some counties are already regulating water quality at wineries, Michelle Novi, the industry relations director for Napa Valley Vintners, asked why such a regulation should happen now.

“I would encourage everyone who has a decision-making role in this process to continually challenge the assumptions that are driving the need for these policies, because they do affect people at the singular business level,” she said during the July workshop.

State Water Board Chair Joaquin Esquivel politely pushed back on this argument.

“The fact that it's been a five-year effort I think shows just how cautiously we've approached the discussion and will continue to do so,” he said.

Kari Fischer, an attorney for the California Farm Bureau Federation, said one of the biggest questions is how the order would interplay with the various irrigated lands regulatory programs throughout the state that focus on vineyard management.

Bob Gore, representing various agricultural interests through the Gualco Group, elaborated, explaining that the order requirements overlap with a four-year effort under a separate general order. Gore remained optimistic the State Water Board would address this.

He also referred to a sustainability certification program that addresses water quality as part of its promoted practices. Gore pointed out that CDFG Secretary Karen Ross launched the program nearly two decades ago while she was president of the California Association of Winegrape Growers. At the county level, separate sustainability initiatives have also found success. One in Napa includes about 90% of the county's vineyard acreage within its enrollment. Sonoma County launched a similar program last year.

Others at the workshop wondered why the order did not include groundwater data being collected by Napa County.

The Wine Institute argued that an earlier version of the order would have raised the fees for Napa wineries by as much as 4,000% by layering on more regulations. Currently the Winery Order calls for 17 new positions at a cost of more than \$3 million to help the board implement the program.

“The proposal seems like an unnecessary and costly increase in staffing,” according to the Wine Institute.

The State Water Board plans to drive the funding for those positions from fees on wineries. In a meeting



Noelle Cremers, director of environmental and regulatory affairs at the Wine Institute

with stakeholders last week, program managers for the State Water Board laid out a few options for the fee structure based on the current version of the order.

They acknowledged the uncertainty in the estimates and promised to work with the Wine Institute and other stakeholders to revise the numbers as the order progresses. They also raised an option for delaying fees for a year, but cautioned it would lead to programs being understaffed and delays in permits, as well as a spike in fees the following year. They expect to present more changes in September, some based on the public feedback.

Water Board members were receptive to concerns and encouraged board staff to work with the industry on gauging the potential economic impacts of the order. The board will be considering amendments through November.

Harris, Biden's VP pick, opposed USMCA, backed farm bill

Kamala Harris, Joe Biden's pick as his Democratic running mate, has gone on record opposing new trade agreements, including the U.S.-Mexico-Canada Agreement, and has taken up the interest of farmworkers during her short tenure in the U.S. Senate.

Harris, a former California attorney general, was elected to the Senate in 2016 to succeed fellow Democrat Barbara Boxer. Her four-year Senate tenure hasn't produced a long voting record on agriculture and trade policy, but she supported the 2018 farm bill and took stands on some rural issues. She also traveled Iowa extensively during her relatively short presidential campaign that ended in December 2019, two months before the Iowa caucuses.



Sen. Kamala Harris, D-Calif.

She was one of only 10 senators to vote against the USMCA implementing bill.

“Trade policy for me is always going to be about protecting American workers, about protecting our environment and having those part of our priorities. It is for that reason and many others that I am not in favor what I call NAFTA 2.0,” she told reporters at the Iowa State Fair in August 2019, explaining her opposition to USMCA.

She also opposed the Trans-Pacific Partnership, which was negotiated by the Obama administration. Biden has since turned against the deal, from which Trump ultimately withdrew the United States.

Sara Neagu-Reed, associate director for federal policy for the California Farm Bureau Federation, told *Agri-Pulse* that **Harris “understands the unique issues our state's producers face verses the rest of the nation” and has helped in addressing several of the group's policy concerns. She “was very helpful during the farm bill negotiations on many fronts, mechanization research funding being one,”** Neagu-Reed said. Harris also assisted the group in addressing a trade dispute with Argentina over lemons and “engages with us on the ag immigration reform issues as well,” said Neagu-Reed.

An environmental group that opposes the Delta tunnels project, which would transfer water to growers in the southern part of the state, applauded Biden's pick of Harris.

"Senator Harris is a very smart and fair leader," said Barbara Barrigan-Parrilla, executive director of Restore the Delta in Stockton, Calif. "She will work productively with all parties to help solve California's water challenges."

Former Iowa Lt. Gov. Patty Judge, who co-founded a group called Focus on Rural America, which is trying to elect Democrats in the rural Midwest, said Harris' battles with oil companies as California attorney general shows she would challenge the industry over usage of biofuels. Harris pledged during her presidential campaign to stop EPA from providing refiners exemptions from ethanol usage mandates.

"We urge her to continue to be a champion for us and work hard to continue to bring to light the failed policies of the Trump administration that have brought our farmers and rural communities to the edge of financial ruin," Judge said. "She has promised to lead the fight against Trump's disastrous trade wars and the abuse of small refinery waivers to benefit Big Oil."

California's other senator, Dianne Feinstein, has long taken the lead on immigration and farmworker issues, but Harris has shown an interest there as well. She backed Feinstein's efforts to provide a path to legal status for farmworkers who are in the country illegally.

In February, Harris reintroduced the Fairness for Farmworkers Act, which would amend the Fair Labor Standards Act to grant overtime protections to farmworkers employed more than 40 hours a week. The bill also would remove exemptions to overtime pay for workers employed in irrigation projects, livestock auctions, grain elevators, cotton gins, agricultural transportation and some sugar processing operations.

The United Food and Commercial Workers International Union, whose members include meatpacking plant workers, welcomed the Harris pick as well, saying she and Biden would seek to protect the health and safety of essential workers. **They "have made clear that our nation's CEOs and elected leaders must put these workers first by reinstating hazard pay, expanding COVID testing, and strengthening access to the protective gear these brave workers need to do these essential jobs."**

While campaigning in Iowa, Harris also pledged to make rural development a priority. **She proposed to spend \$80 billion on rural broadband expansion and provide a \$10,000 tax credit for each job businesses created in rural development zones designated by the Agriculture Department.**

Matt Russell, an ag policy activist who hosted Harris at his Iowa farm in August 2019, said on Facebook Tuesday that "she was a great listener and absolutely top shelf in interacting with the gang of Rural Iowans we brought together to talk with her."

Former Iowa Governor and Sec. of Agriculture Tom Vilsack said he was "thrilled" with the selection of Harris. **"Senator Harris will help Vice President Biden hold President Trump accountable for the poor Iowa farm economy resulting from a disastrous trade war and the Trump Administration siding with Big Oil at the expense of our ethanol industry"**

During a CNN town hall focused on climate issues, Harris was asked whether consumers should be encouraged to consume less meat as a way to reduce greenhouse gas emissions. Harris said that policy makers needed to strike a balance between "creating incentives and just banning something." She added, "I love cheeseburgers from time to time. I just do."

Like Biden she wants to increase the use of electric vehicles.

Analysis: Skyrocketing US subsidies will far exceed WTO limits

The Trump administration is handing out so much money to farmers that the United States will blow through its spending limit under World Trade Organization rules for 2019 and likely 2020, potentially exposing U.S. farm programs to legal challenges, according to a new analysis.

The WTO limit on trade-distorting farm subsidies for the United States is \$19.1 billion, a level the U.S. has generally stayed well below since it was set in 2000.

But the Trump administration's special trade assistance and coronavirus payments to farmers are likely to push the U.S. total to nearly \$32.7 billion for 2019, up from an estimated \$13.5 billion in 2018, according to the analysis by Joe Glauber, a former chief economist for the Agriculture Department and a leading authority on the WTO rules for agriculture.

Glauber, who also served as the chief U.S. agricultural trade negotiator during the Doha round of WTO negotiations, estimates that the subsidies that count toward the WTO limit could soar above \$40 billion for 2020, depending on how much additional coronavirus aid the administration provides to farmers.

Subsidy levels that high "will attract attention" from international competitors "in terms of how large this support is relative to value of production," Glauber, now a senior research fellow at the International Food Policy Research Institute, said during a presentation for the Agricultural and Applied Economics Association's annual meeting, held online this week.

For 2019, federal subsidy levels will represent about 61.3% of the value of the U.S. sorghum crop; 41.7% of the value of the cotton crop; and 38.3% of the value of U.S. wheat production, Glauber said. The subsidy levels are lower for soybeans, 22.5%; corn, 19.7% and rice, 29.7%.

Under WTO rules, government farm spending falls into one of four categories: "green box" for non-trade distorting or minimally distorting (including conservation programs); "blue box" for programs that distort trade but limit production; **"amber box" for programs that are trade-distorting but subject to an annual limit (\$19.1 billion in the case of the United States);** and "red box" for programs such as export subsidies that are prohibited under WTO rules.

Programs reported as "amber box" include those that are product-specific and non-product specific. There are "de minimis" exemptions for subsidies that represent less than 5% of the



Joe Glauber, International Food Policy Research Institute

value of a specific commodity, or 5% of total production in the case of spending that is non-product-specific.

The amber box spending limit is known as the “aggregate measure of support,” or AMS. Glauber’s calculations for 2019 include spending under farm bill programs such as Price Loss Coverage; \$13.5 billion in Market Facilitation Program payments, which were intended to offset the impact of President Donald Trump’s trade war; and payments for corn, soybeans and other row crops under USDA’s Coronavirus Food Assistance Program that are tied to the value of 2019 production.

He estimates the 2019 total will include \$13.1 billion in product-specific subsidies, as well, and that non-product-specific spending will reach \$19.5 billion, or just over 5% of the value of total U.S. production (based on USDA’s February estimate).

The 2020 calculations will include CFAP payments for 2020 production and the \$7 billion to \$8 billion that farmers are receiving through forgivable loans provided under the Paycheck Protection Program, Glauber said.

Farm and agribusiness groups are lobbying USDA and Congress for more help beyond the CFAP payments now being distributed. USDA has an additional \$14 billion available for coronavirus relief sitting in its Commodity Credit Corp. account, and Congress is considering providing still more money on top of that. Senate Republicans recently proposed appropriating an additional \$20 billion to go with the \$14 billion in CCC funding.



Dan Basse, AgResource Co.

Glauber believes the U.S. would be even more vulnerable to a WTO challenge if Congress were to agree to raise the \$30 billion limit on USDA’s CCC borrowing authority. Lawmakers have so far resisted pleas from some farm groups and lawmakers to do that.

Still, policymakers need to pay attention to the WTO limit because of the potential for other countries to challenge the legality of the U.S. spending, said Ohio State University economist Carl Zulauf.

Brazil won a case against U.S. cotton programs in 2005 that led to the U.S. making direct payments to Brazil, and later overhauling farm bill programs, to forestall the imposition of retaliatory tariffs.

“My assessment is that this is a potentially important issue that U.S. agriculture needs to take seriously. I think future expenditures will be important as to what happens and will be carefully monitored before some country files a suit,” Zulauf said.

Dan Basse, an economist and president of the AgResource Co., said it’s far from clear what exceeding the WTO limits ultimately will mean for U.S. programs. The WTO’s dispute resolution process is currently hobbled by a lack of judges, and if Trump is reelected, he might brush off a WTO judgment.

Basse also thinks the U.S. could get a pass from other WTO members when it comes to the pandemic-related spending.

Even so, Basse said he keeps telling farmers **“to prepare for something less (in federal spending) in the future. But what less means, and when less comes, is a hard one. ... We’re getting farmers hooked on a series of payments that are unlikely to be sustained for a long period of time.”**

China hesitates at final step on US beef trade, but outlook still rosy

U.S. beef exports to China are rising and the long-term forecast is optimistic for U.S. producers and shippers, but the deal that enables those lofty expectations hasn’t been completely finalized by the Chinese, according to government and industry sources.

China has not taken the final step to lift its zero-tolerance for growth hormones — essentially, the act of publishing a final rule — which some say is an inconsequential technicality, but others stress is a concern that’s keeping U.S. companies from expanding beef exports at a quicker pace. Most government and industry officials who spoke to *Agri-Pulse* asked not to be named because of the sensitivity of the subject, especially ahead of a high-level U.S.-China trade meeting expected to take place soon.

China was importing U.S. beef even before it agreed under the “phase one” trade pact to accept international residue levels for growth hormones, but that pre-deal beef is produced under the strictest standards that are also in place for U.S. shipments to the European Union. As a result of “phase one,” the supply of U.S. beef eligible for export to China should be far greater — virtually on par with Japan, South Korea and other major importing countries. The one major difference is that China still has not agreed to accept beef from cattle that were fed the growth promotant ractopamine.

But much of the U.S. beef now being sold to China is still coming from the restricted, non-hormone supply, sources tell *Agri-Pulse*. Some U.S. exporters are comfortable shipping beef from hormone-treated cattle, but many won’t be until China finalizes the process.

The concern, two trade sources said, is that technically, U.S. beef shipments could be rejected. As the U.S.-China relationship has worsened, that concern has only become more acute.

“You have to distrust them,” Secretary of State Mike Pompeo said about the Chinese in a Newsmax interview Monday. “You have to challenge everything that they say. You need to go verify it when they make a promise. And when they do that, when they make a commitment and they verify it, we’ll applaud them. But we’re no longer going to stand by and allow them to take actions that threaten us all.”

So far, however, the U.S.-China confrontations over the origin of COVID-19, the escalating Chinese crackdown on Hong Kong, and the alleged spying that resulted in shuttered consulates in both countries have not made a visible impact on the resumption of trade under the “phase one” pact.

“We’re fully aware that when you look at all the other issues involving the U.S. and China relationship, there’s so many other factors to take into consideration,” said Kent Bacus, director of international trade and market access for the National Cattlemen’s Beef Association. **“As far as trade goes, we still think that China is going to be a great market for us. We see a lot**

of potential and opportunity there. Once we have this agreement fully implemented, we'll be able to capitalize on it.”

It's unclear exactly how much of the U.S. beef going to China is still non-hormone treated product, but industry and government sources say it's still the safest option and there is plenty available. That's because EU demand is down.

The EU agreed about a year ago to guarantee that the U.S. would receive 80% of its tariff rate quota for NHTC beef imports. That translates into 18,500 metric tons annually, but the TRQ would expand over seven years to reach 35,000 metric tons.

The TRQ was filling up fast before the COVID-19 pandemic, but European demand collapsed once the virus hit and food service operations shuttered, one U.S. industry source said. Much of the U.S. beef that would have gone to Europe is now going to China.

“One reason exporters might still be relying on beef from non-hormone treated cattle ... for China is that cattle enrolled in the NHTC program are also ractopamine-free,” said a spokesman for the U.S. Meat Export Federation. “Since China has not changed its ractopamine policy, the NHTC program still represents a reliable way of securing cattle that meet all of China's import requirements.”

Some in the U.S. beef industry say the fact that China hasn't technically completed the process of no longer requiring NHTC beef is irrelevant, primarily because the USDA's Food Safety and Inspection Service has listed the changes in Chinese policy in its own export library — the primary source exporters consult for requirements on international meat trade.



Kent Bacus, NCBA

FSIS published the new “phase one” requirements for beef shipments to China on March 17. Since then Chinese importers have purchased 10,200 metric tons of U.S. beef, according to USDA data. As a point of comparison, South Korea — a longtime and well-established importer, purchased 94,400 metric tons of U.S. beef in the same time period.

FSIS's listing of the new Chinese requirements makes the “phase one” agreement on growth hormone levels “official,” stressed one industry source, who emphasized: “That’s what we go by and as far as we’re concerned, it’s not a concern for us.”

And any other concern, another sourced stressed, should be tempered by the fact that China has so far not rejected or delayed any U.S. beef shipments since March 17, when FSIS published the new regulations.

“We have to be realistic in how all of this is implemented, but the commitment is still there for both the U.S. and Chinese governments and that hasn't changed,” said Bacus. “We’re still very positive about China. We’re still very positive about the trajectory of the implementation of this deal.”

Dietary guidelines debates enter final stretch

Commodity, nutrition and health groups are gearing up for the last stretch of the Dietary Guidelines for Americans, using public campaigns and scientific evidence in an attempt to shape the final product in a way that suits their members.

The Dietary Guidelines Advisory Committee released its scientific report July 15, triggering the start of a monthlong comment period that ends Aug. 13. Then the recommendations are in the hands of staff at the Departments of Agriculture and Health and Human Services, and the people above them, Agriculture Secretary Sonny Perdue and Health and HHS Secretary Alex Azar, who are responsible for the final product.

“This is the time to watch,” says Sarah Reinhardt, lead food systems and health analyst for the Food & Environment program at the Union of Concerned Scientists. “In the past, we’ve seen some of the scientific recommendations go in and are nowhere to be found on the other side.”

“We’re definitely on our guard,” says Jessi Silverman, a policy associate and Mark & Sushma Palmer Public Health Advocacy Fellow at the Center for Science in the Public Interest.

Reinhardt and Silverman said the most prominent example of outside influence altering the scientific recommendations occurred after the 2015-2020 DGAC proposed linking environmental sustainability and diet.

“Moderate to strong evidence demonstrates that healthy dietary patterns that are higher in plant-based foods, such as vegetables, fruits, whole grains, legumes, nuts, and seeds, and lower in calories and animal-based foods are associated with more favorable environmental outcomes (lower greenhouse gas emissions and more favorable land, water, and energy use) than are current U.S. dietary patterns,” that scientific report said.

The meat industry was strongly opposed to the focus on sustainability, and then-Ag Secretary Tom Vilsack and former HHS Secretary Sylvia Burwell said the DGAs are not “the appropriate vehicle for this important policy conversation about sustainability.”

“We will remain within the scope of our mandate in the 1990 National Nutrition Monitoring and Related Research Act (NNMRRRA), which is to provide ‘nutritional and dietary information and guidelines ... based on the preponderance of the scientific and medical knowledge,” they said.

Asked whether he received pressure to remove sustainability from the guidelines and what he thought of the perception that “Big Food” or “Big Ag” overly influences them, Vilsack said in an email, “In a sense everything done at USDA involves ‘politics’ because any policy likely matters to a number of folks.

“The DGAs are no exception,” Vilsack, now president and CEO of the U.S. Dairy Export Council, said. “The big difference with the DGAs is that there is a prescribed method for establishing them and there is a scientific threshold that has to be met before a guideline becomes or remains a guideline, which helps to minimize the impact of anyone attempting to force a political position into the DGAs.”

Another former ag secretary said he thinks the influence of the food industry is not what it once was.

Asked about the role of “politics” in the DGA process, Dan Glickman responded, “When you say politics, do you mean, do commodity interests and health interests interface in the process? The answer is yes.”

But he added he thinks the influence of commodity agriculture on these guidelines has waned from when he was at the department during the Clinton administration. **“There are more people in the health and nutrition world who are engaged in these issues than there were 25 years ago, and their influence is greater, too.”**



Former ag secretary Dan Glickman

“The biggest change in the guidelines is the increasing role that diet, health, nutrition and medicine are playing,” he said. “The whole ‘food is medicine’ area is becoming much more dominant. And that’s infiltrated into the guidelines.”

“I generally followed the advice of our scientists,” Glickman said of his two experiences with the DGA, but added, “If a lobbyist from the meat industry might have had something intelligent to say and I might have agreed with him, yeah, that could happen. Should I have delegated that all to the Food and Nutrition Service? No. Should the

White House and the Congress be carefully involved in this process? Should there be congressional hearings on this process? Yeah.”

Marion Nestle, a longtime nutrition advocate, professor at New York University and author of “Food Politics,” who also served on the 1995 DGAC, said she thinks politics plays a “huge” role, but it’s “complicated.”

“Most political influence got exerted right at the beginning and normalized” through the choice of questions posed to the committee, which focus on specific food groups, such as meat and dairy, for what to eat, but switch to nutrients when talking about what not to eat.

“Food companies exert influence behind the scenes,” she says, and committee members can have their own agendas. Since 2005, she noted, the agencies, not the committee, write the guidelines.

Danielle Beck, senior director of government affairs for the National Cattlemen's Beef Association, said “there was lobbying on the front end of the process to make sure the makeup [of the committee] was fair and balanced.” Beck also said that by identifying topics ahead of time, USDA and HHS “really set some guardrails,” so the committee could not “veer off into sustainability.”

Indeed, groups sought to include certain members on the committee, with NCBA, the National Pork Producers Council, and American Beverage Association all pushing for certain researchers before the committee started to meet.

The sustainability issue isn't going away. The current report says USDA and HHS need to look more closely at the relationship between diet and sustainability of the food system. Public comments "identified the importance of evaluating sustainability of recommended dietary patterns, addressing the social and economic aspects of access to foods that are components of healthy dietary patterns, and considering systemic changes to encourage behavior change consistent with the guidelines," DGA Committee Chair Barbara Schneeman and Vice Chair Ronald Kleinman said in their letter transmitting the report to USDA and HHS.

Areas to watch in the coming months include the committee's recommendations on alcohol and added sugars, as well as its consideration of carbohydrates in Americans' diets.

The alcohol industry is concerned about the committee's lowering of the recommendation in the current guidelines from two drinks a day for males and one for females to one drink for both, on days when alcohol is consumed.

"Among those who drink, consuming higher average amounts of alcohol is associated with increased mortality risk compared to drinking lower average amounts," the committee said, agreeing with the recommendation in the 2015-2020 Dietary Guidelines for Americans "that those who do not drink should not begin to drink because they believe alcohol would make them healthier."

The Wine Institute is pushing back against the one-drink advice.

"The recommendation ... to alter the guidance by redefining moderate consumption as no more than one drink per day for men and women is a sudden change that contradicts the draft conclusions" released by the DGAC's Subcommittee on Beverages and Added Sugars Subcommittee in late May following a systematic review of 60 research studies on all-cause mortality, it said. "Those studies clearly support maintaining the current guidance."

A Harvard researcher critical of the alcohol recommendations says, "if you take the best studies out there, there's no question that men who drink two drinks a day live longer."

"We know it lowers the rate of heart attack," said Eric Rimm, professor of epidemiology and nutrition at Harvard's T.H. Chan School of Public Health and a 2010 DGAC member.

But Tim Naimi, a DGAC member who is a doctor and alcohol epidemiologist at Boston Medical Center and a professor at the Boston University Schools of Medicine and Public Health, said "the recommendations didn't change as far as I know. They do sometimes but did not for alcohol."

The "bottom line," he said, is that "the evidence is clear that drinking two drinks per day among men has a higher risk than one drink per day, which is the reason for the recommendation." He added that "this was the first-time evidence on alcohol and total mortality was reviewed" by the DGAC.

Another issue to watch is added sugars. The committee specifically said Americans should get no more than 6% of their calories from that category, lowering the recommendation from 10%.

“I haven’t heard much coming from sugar. Maybe they’ve accepted the science is so strong that they can’t make a good case,” says CSPI’s Silverman.



The Sugar Association, however, which didn’t issue a public statement after the release of the scientific report, said it’s been watching the process closely. In a statement, the association’s president and CEO, Courtney Gaine, said the association is concerned by “the lack of scientific justification for many of the committee’s conclusions, particularly those around added sugars” and said it would make its objections clear in its comments.

And the American Beverage Association, which also stayed silent publicly (but not at Tuesday’s meeting), promised the same, with a twist. “We agree that too much sugar isn’t good for anyone, which is why America’s beverage companies are supporting consumers’ efforts to reduce the sugar they get from beverages by providing more choices with less sugar or zero sugar, smaller package sizes and clear calorie information right up front. As a result, more than 50% of all beverages purchased today have zero calories.”

Glickman, however, says, **“We spend hundreds of billions of dollars a year treating people with chronic disease. Most of the cause of that is bad diet — not all, but most, and a lot of that has to do with sugars in the diet.”**

The value of carbs in the diet also is being debated, with a relatively new group, the Low-Carb Action Network, leading the way in arguing that the DGAC excluded relevant studies on low-carb diets from its review.

“L-CAN has identified a total of 66 trials of a true low-carb diet that the [DGAC] ignored,” says Jessica Wharton of L-CAN.

“The Dietary Guidelines Advisory Committee did no analysis of these studies... how can they then make statements that the effects of low-carb/keto diets cannot be sustained?” Wharton asks.

UCS’s Reinhardt, however, counters that “when it comes to research on low-carbohydrate diets, the committee found very few studies that were rigorous enough to make the cut” for consideration, Reinhardt said. “For example, studies would be excluded if they were designed specifically for weight loss.”

But, she adds, “Even when it comes to weight loss, there are a lot of studies out there — including those touted by low-carb advocacy groups — that might show promising results early on, but the effects either diminish as time goes on, or the study doesn’t follow participants long enough to know whether those results can be sustained.”

The guidelines are expected to be finalized by the end of the year.

COVID-19, economic pressures add complexity to fruit, vegetable purchase trends

Fresh produce sales are still strong compared to the prior year but growth rates for both fruit and vegetables dropped in late July and early August, according to the latest IRI data.

The net result for fresh produce was an increase of 8.4% over year ago during the week ending August 2 — down about three percentage points from the week prior. Frozen and shelf-stable fruits and vegetables had higher percentage gains but off a smaller base, with particular strength for frozen, at +20.3%. Year-to-date, fresh produce department sales are up 10.9% over the same time period in 2019. Frozen fruit and vegetables increased the most, up 27.6% year-to-date, noted Anne-Marie-Roerink, president of 210 Analytics. Her firm, along with IRI and PMA, partnered to understand fresh produce sales at retail throughout the pandemic.

Analysts say the drop could be due to several different factors.

“There are many factors going into the produce at retail sales puzzle right now, with the market growing more complex by the week,” said Joe Watson, VP of Membership and Engagement for the Produce Marketing Association (PMA). “Consumer concern over the virus remains very high, economic pressure is mounting, hurricane Isaias left several hundred thousand households without power all along the eastern seaboard and all the while consumers are struggling with meal planning and new recipe ideas. All this affects fresh produce sales at retail, some positively, some negatively.”



Consumer concern over COVID-19 remains high but stable, with 57% being *extremely* concerned, according to wave 16 of the IRI shopper sentiment survey series. Thirty percent of shoppers say they are financially worse off than they were last year and 25% indicated they are buying value-size items to save money, up from 20% in late May. Additionally, 65% of consumers expect the economic crisis to last at least 12 more months — the highest percentage across all survey waves and near double that of the 37% who expected the economy to need a year to recover back in March.

Uncertainty over the unemployment benefit extension may have also been weighing on the numbers this week, Roerink pointed out.

“Economic pressure tends to have big impacts on grocery shopping, including channel choice, the type of items and quantity bought, the importance of price and promotions and more. Much like the last week of June, the final days of July into early August generated a weaker performance. While CPG and fresh sales continued to track ahead of last year, virtually every department across the store saw lower gains than those seen during the past few weeks.”

Jonna Parker, Team Lead, Fresh for IRI, says she expects the coming weeks will be “very telling” for what the rest of the year holds for demand.

“Back-to-school season is around the corner for several states, and our weekly survey found that half of parents with children ages six to twelve are now expecting their children to partake in virtual education (50%), with an additional 15% expecting mixed virtual and in-person education. Only 19% of parents expect their younger kids to go back face-to-face,” Parker explained.

News Briefs:

Perdue, Lighthizer to speak at hearing on trade and produce markets. The Office of the United States Trade Representative, and the departments of Agriculture and Commerce will hold two virtual hearings on issues involving foreign trade practices and seasonal and perishable produce markets. According to a release, the first hearing will be held Thursday, Aug. 13 and will feature opening remarks by U.S. Trade Representative Robert Lighthizer, Agriculture Secretary Sonny Purdue and Commerce Secretary Wilber Ross. Eight congressional officials are slated to speak alongside representatives from universities, produce farms, companies and trade organizations. Several other representatives from each of the three hosting agencies will be available during the session to hear about ways the Trump administration can support American produce growers. The second hearing is set to take place Thursday, August 20. The hearings were originally supposed to take place in Florida and Georgia in April, but were pushed to a virtual format after the COVID-19 pandemic. The hearings can be viewed live on the USTR website.

FWS considers reduction in northern spotted owl habitat. The U.S. Fish and Wildlife Service (FWS) has proposed a 204,653-acre reduction of designated critical habitat for the northern spotted owl in 15 Oregon counties. The owls, which are deemed “threatened” under the Endangered Species Act, had 9.6 million acres designated for habitat in California, Oregon and Washington in 2012. “The proposed exclusions will allow fuels management and sustainable timber harvesting to move forward while supporting the recovery of the northern spotted owl,” Robyn Thorson, FWS Regional Director for the Columbia-Pacific Northwest, said in a release. “To strike this balance, the Service employed the best available science and worked closely with federal, state and tribal partners to evaluate needed exclusions, meet our legal obligations and update management plans.” According to the FWS, northern spotted owl numbers are currently declining at the average rate of 2.8% range-wide each year, and suitable habitat available to the owls has been reduced by over 60% in the last 190 years. The proposal is being prepared under a section of the Endangered Species Act that allows the exclusion of certain lands as critical habitat for “economic, national security or other relevant factors so long as such exclusion does not cause the species to go extinct.” Members of the public can comment on the proposed changes here.

Pollinator Partnership adds three new Bee Friendly Farming designations. The San Francisco-based Pollinator Partnership announced Friday that it has created three new categories for closer engagement with participants in its Bee Friendly Farming program. The nonprofit organization will now award participants with either the Bee Friendly Farming Certified, Bee Friendly Farming Partner or Bee Friendly Farming Garden designations. “After conversations with long-standing participants, environmental groups, grower associations and sponsors, we saw a clear need to further refine the BFF experience and to add a level of scrutiny and permanence to the certification aspects of Bee Friendly Farming,” Laurie Davies Adams, president of Pollinator Partnership, said in a release. Commercial farms and ranches will receive the Bee Friendly Farming Certified label if they comply with the criteria every three years. Individuals, companies and apiarists that do not farm or own land will receive the Bee Friendly Farming Partner label. The Bee Friendly Farming Garden label will be applied to smaller landscapes, community gardens and homeowners who adhere to the criteria of Bee Friendly Farming actions. The criteria for the Bee Friendly Farming Program requires producers to offer forage that provides good nutrition for bees on at least 3% of land, provide bloom of different flowering plants throughout the growing season, offer clean water for bees, provide

permanent habitat for nesting, practice integrated pest management, pay the \$45 certification fee and complete the compliance form every three years. The three categories all require different criteria to be followed and give different benefits to recipients. Some previous recipients will fall into a different category, but the Pollinator Partnership says they will be contacted about the changes.

NRCS announces \$360M for RCPP. USDA's Natural Resources Conservation Service announced Monday that through the Regional Conservation Partnership Program (RCPP), it will award up to \$360 million in grants to public-private partnerships that “improve the nation’s water quality, combat drought, enhance soil health, support wildlife habitat and protect agricultural viability.” The announcement also introduces changes to RCPP Critical Conservation Areas. The California Bay-Delta and Columbia River Basin areas have been combined into the Western Waters Critical Conservation Area. The Northeast Forests and Waters Critical Conservation has also been added, which spans Connecticut, Massachusetts, Maine, New Hampshire, Rhode Island and Vermont. RCPP was first authorized as part of the 2014 Farm Bill and there are currently 336 active projects in the program. “RCPP brings an expanded approach to investing in natural resource conservation that empowers local communities to work with multiple partners and agricultural producers to design solutions that work best for them,” NRCS Chief Matt Lohr said in a release. Interested private industry, nongovernmental organizations, Indian tribes, state and local governments, water districts and universities can submit project applications requesting between \$250,000 and \$10 million in funding through the program. Proposals are due by November 4.

CDFA distributes \$1M for walnut pest control projects. The California Department of Food and Agriculture awarded \$1 million in funding to the Community Alliance with Family Farmers to support a project testing pheromone mating disruption and biological control programs to be used on a number of walnut pests. The funding was awarded as a part of the department’s Biologically Integrated Farming Systems Grant program and as part of the Newsom administration’s effort to support alternatives to chlorpyrifos, after banning the sale of the insecticide in February. “More widespread adoption of alternative, non-spray practices will help protect the health of California’s residents and sensitive ecosystems, while ensuring food supply chains remain secure,” [a release](#) said. The funding will be used to create six demonstration sites each covering 40 acres in the Sacramento and San Joaquin Valleys that will use alternate control methods for several known walnut pests, including codling moth and navel orangeworm.

USDA releases complete Asian Giant Hornet genome. A group of scientists with USDA's Agricultural Research Service released the first complete genome of the Asian giant hornet on Thursday. Sightings of the Asian Giant Hornet, called the “murder hornet” by some, were first reported last December in Washington. [According to the USDA](#), the large wasps are a threat to honey bee colonies, which they are known to attack in late summer and early fall. The researchers worked with biotechnology company Pacific Biosciences to produce the genome sequence from a single specimen in just two months. The sequence will now be compared to sequences from the populations of the wasp in its native range to determine how the insect arrived in North America. “Having this reference genome will help provide a broader biological picture of the Asian giant hornet,” Anna Childers, a computational biologist with the ARS Bee Research Laboratory in Beltsville, Md., and coordinator of the genome team said [in a release](#). “It also will help build an understanding of the dynamics of any Asian giant hornet populations in this country and how they may adapt as well as possibly provide information to sharpen the development of controls to prevent them from becoming established.”

Farm Hands West: Terramera taps Nothmann

Terramera has tapped **David Nothmann** to be the chief revenue officer. Bringing over 20 years of experience in the agriculture industry, Nothmann previously was the vice president of marketing at Valent LLC. He started his career at Monsanto and then worked for ArborGen as vice president of business and product development.

Braga Fresh has hired **Colby Pereira** as vice president of operations. For 15 years, Pereira worked as manager at Costa Farms. Pereira has been involved in many agriculture organizations including serving as the board president of the Monterey County Farm Bureau, and is a current member of the Grower Shipper Association of Central California. She is on the California Leafy Greens Research Board and is an elected director to the Salinas Valley Groundwater Sustainability Agency.

Renaissance Food Group (RFG), located in Rancho Cordova, Calif., has brought on **Edward Redd** as senior vice president of sales and **Kate Brooks** as vice president of sales. Redd most recently was president of Dotta Foods International and Brooks previously was vice president of sales-East at FiveStar Gourmet Foods. She previously worked for RFG as director of prepared foods.



David Nothmann

Primary BioAg Innovations (PBI) and Global BioAg Linkages (GBAL) have selected **Pam Marrone** to be the new chair of the board of directors and partner in both companies. Marrone recently retired as CEO at Marrone Bio Innovations, which she founded in 2006. Marrone will mentor the innovation stream at PBI and be the managing director for merger, acquisition & fundraising vertical of GBAL.

Amie Thesingh has joined Wilbur-Ellis as vice president of corporate business development, based out of the company's San Francisco headquarters. She will be responsible for mergers and acquisitions for the company. Most recently, Thesingh was vice president of strategy, marketing and innovation for Cargill's protein businesses in Latin America, Europe and Asia.

David Rooney has been elected to serve on Natural Grocers' board of directors. He filled a vacant seat on the board that was created by the retirement of **Michael Campbell**. Rooney is a recently retired audit partner from Deloitte & Touche LLP. He was also appointed to serve as chair of the board's audit committee.

Stephanie Tinsley Regagnon now serves as the executive director of innovation partnerships at the Donald Danforth Plant Science Center. She previously was the CEO at FieldWatch, a position she held since 2016.

Anne Hazlett has been appointed senior director of government relations and public affairs for Purdue University, effective Aug. 24. Hazlett most recently served as senior adviser for rural affairs at the White House Office of National Drug Control Policy. Before that, she served two years as assistant to the secretary for rural development at the Department of Agriculture.

In a homecoming of sorts, **Jane DeMarchi** has been named the new president of the North American Millers' Association, effective in September. DeMarchi joins NAMA from the American Seed Trade Association, where she was vice president of government and regulatory affairs. From 2004 to 2010, DeMarchi was NAMA's director of government relations.

Samuel Crowell has joined the agricultural affairs team in the Office of the U.S. Trade Representative as a policy analyst. He previously worked for the Department of State as an agricultural adviser.

Bobby Puckett has moved up to senior legislative assistant for Rep. **Peter DeFazio**, D-Ore. Puckett covers the portfolio for science and technology, international affairs, and telecommunications. ... **Kris Pratt** has been promoted to deputy chief of staff for Rep. DeFazio. She has the portfolio of agriculture and food, animal welfare, appropriations, energy, environmental protection, public lands and natural resources. She previously was the legislative director.....**Bradley Hart** now serves as a legislative assistant to Rep. **Jim Costa**, D-Calif. Hart covers the portfolio for international affairs and labor.

Best regards,

Sara Wyant
Editor

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