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Biofuel industry eyes huge new markets amid policy challenges

The nation's railroads, airlines and ocean-going ships offer massive new opportunities for the U.S. biofuel industry, but some significant policy and logistical challenges could stand in the way.

For producers of renewable diesel and biodiesel, the fastest growing sector of the industry, there is hardly a bigger new market opportunity than the Class I railroads, which collectively consume about 3 billion gallons of diesel per year. Many of those railroads are running or testing trains on limited amounts of renewable diesel and biodiesel as they try to meet commitments to reduce greenhouse gas emissions.

Among those carriers is Omaha-based Union Pacific, which has pledged to reduce the emissions from its operations by 26% by 2030, using a 2018 baseline. Efficiency measures will help, but the railroad is also counting on renewable fuels to play a major role. For now, however, the volume of biofuel isn't necessarily available in the quantity or at the price that railroads need, and extensive testing still needs to take place to ensure locomotives can operate properly on varying fuel blends.



Mark Lutz, Union Pacific

“When you look back at what our stakeholders traditionally want from a railroad, they want a reliable product, they want it fast, and they want it for a fair price. But the mindset is evolving,” said Mark Lutz, an assistant vice president for fuel and environment at Union Pacific.

Union Pacific's customers and regulators “also want clean air. And so as that interest has evolved, so has our products to try to meet that demand,” Lutz said, speaking at the recent Clean Fuels Alliance America conference.

Currently, an industry-leading 6% of Union Pacific's fuel contains renewable blends, and the company wants to increase that to 10% by next year and 30% by 2030, Lutz said.

Other railroads have similar plans.

CSX, which has pledged to reduce its emissions by 37% by 2030 from 2014 levels, started testing a 20% biodiesel blend in certain engines last year. Norfolk Southern aims to use 7% biofuels by 2027 and 20% by 2034. BNSF, which has a goal of reducing emissions by 30% by 2030 from 2018 levels, started a three-year test of a blend of 80% renewable diesel and 20% biodiesel in California in 2022.

Michael Cleveland, director of advanced energy for Progress Rail, a unit of Caterpillar Inc. that manufactures locomotive engines, said biofuels are one of the most important tools the railroads have to reduce greenhouse gas emissions in the short to medium term.

Biofuels have been in use internationally for 30 years, he said. “What has really changed is the interest, the desire from our customers, to do this, and implement these fuels in our operations, and we're rising to meet that goal,” he said.

Other options, such as battery-driven engines, are in development, but battery-driven engines aren't practical for long distances, he said.

But the railroads face several policy and practical hurdles.

Engines run best on an 80/20 blend of renewable diesel and biodiesel, which act together to reduce damage to engine seals and gaskets, Lutz said. But renewable diesel is largely unavailable outside California — the state's low carbon fuel standard has the effect of subsidizing the cost of the product there — while biodiesel is primarily available in the Midwest. Elsewhere, trains may have to fill up on petroleum diesel, Lutz said.

Locomotives are currently being tested on varying fuels as they cross the country to see how the engines respond to the changes.

Then there's the question of biofuel availability.

Soybean processors and renewable diesel producers are ramping up production of the product. Soybean crush capacity is expected to increase by nearly 25% over the next three years. More than 540 million bushels of soybean crush capacity is expected to come online between now and 2026, adding to the existing 2.2 billion bushels of capacity, according to the American Soybean Association.

But cost remains a challenge. Renewable diesel would cost about \$1.30 more per gallon in California without the state's policies, Lutz said.

“Because I'm a business that exists to make money, I ultimately have to make less money to use a cleaner product, and that's a hard choice to make,” Lutz said.

He also worries the federal government's efforts to promote sustainable aviation fuel will create competition for the renewable diesel and biodiesel that railroads need. SAF can be made from a variety of feedstocks, including the same vegetable oil, animal fats and used cooking oil that are used to make biodiesel and renewable diesel. But he's concerned new tax credits created by the Inflation Reduction Act could steer feedstocks into SAF rather than rail and road uses.

Renewable diesel and biodiesel manufacturers also are eyeing ocean-going vessels as a big new market.

Legislation that's been introduced in Congress called the "Renewable Fuel for Ocean-Going Vessels Act" would allow fuel produced for ships to earn credits, or Renewable Identification Numbers, under the Renewable Fuel Standard. Biofuels for ocean-going vessels are currently excluded from the definition of transportation fuels under the RFS.

But even as the renewable diesel and biodiesel producers try to build new markets on land and at sea, they face another policy challenge: The Environmental Protection Agency last year set the biofuel usage mandates, or renewable volume obligations, for 2023 through 2025 below the amounts the industry can produce, leading to a collapse in RIN prices last summer, [according to the Energy Information Administration](#).

EPA said it was concerned about the impact higher RVOs would have on the price of vegetable oil for food usage, but the decline in RIN prices is weighing on biofuel economics.



Donnell Rehagen, Clean Fuels Alliance America

"You're trying to get these new markets, but we recognize that almost goes against us because it doesn't increase the RVOs," said Gary Louis, president and CEO of Seaboard Energy, which produces fuel from pork fat and distillers corn oil, a byproduct of ethanol production.

"We're really hoping that at least the legislators will see, and the EPA, will see we brought on all this volume. We're generating more RINs. Why don't we go ahead and move the RVOs?"

Donnell Rehagen, CEO of Clean Fuels Alliance America, sees the investments in increased soybean crush capacity as evidence that there will continue to be strong and growing demand for bio-based diesel.

"Those are major investments by major companies, and they would not be making those investments if they didn't see higher demand for our fuels going forward as well. So to me, everybody sees the fact that we should be growing and growing fast, except the EPA, and that's the part we got to fix," he said.

Conservation proponents gearing up for farm bill fight

Supporters of the Inflation Reduction Act's conservation funding are determined to protect it from GOP attempts to steer some of the money into other priorities.

The bill provided \$18 billion for four programs – the Conservation Stewardship Program, Environmental Quality Incentives Program, Regional Conservation Partnership Program and the Agricultural Conservation Easement Program – to increase adoption of climate-smart farming practices. There is additional funding for technical assistance and measurement of greenhouse emissions from agriculture.

The bill passed in 2022 with no Republican support, and the GOP has been vocal about its frustrations with the package ever since.



Jeremy Peters, NACD

But even the strongest advocates of the IRA and its conservation funding have acknowledged they would like to move the funding into the farm bill so that it could be reallocated to permanently increase conservation program funding levels. Under the budget rules used to pass the IRA, none of the money can be spent after 2031, and it does nothing to increase long-term funding levels for the programs.

The National Association of Conservation Districts supports moving the funding into the farm bill, but only if the dollars are kept within the legislation's conservation title. NACD CEO Jeremy Peters says the conservation "needs are not going away," and the organization wants to make sure the IRA funding is part of the new farm bill's baseline.

"We want to make sure that we're taking advantage of this opportunity while we have it," he told *Agri-Pulse*. "This is historic, this is something we've been working on literally for decades to get to this level of funding for conservation programs."

"With the IRA legislation, I feel like Congress got it right," Peters added. "And we want to preserve that intact as much as we can."

But many congressional Republicans are just as eager to redirect the funding. [House Ag Committee Republicans want to shift a substantial portion of the funding to other titles of the farm bill](#). Senate Ag Committee ranking member John Boozman, R-Ark., wants to keep the IRA funding in conservation programs but remove the climate-related restrictions on how the money can be spent.

The issue played out in a pair of dueling op-eds submitted recently to *Agri-Pulse*. [House Ag Chair Glenn "GT" Thompson, R-Pa., argued](#) the IRA funding is currently "riddled with climate sideboards and federal bureaucracy" and should be "refocused toward programs and policies that allow the original conservationists – farmers – to continue to make local decisions that work for them."

But [Rep. David Scott, D-Ga., countered that the committee's Democrats](#), which he leads as ranking member, are vehemently opposed to reallocating the conservation dollars and a separate GOP idea to reduce nutrition spending.

"House Democrats are as likely to budge on those issues as House Republicans are to roll back their Trump-era tax giveaways to Wall Street to pay for the farm bill enhancements," Scott wrote.

Speaking to NACD members this week in San Diego, USDA leaders expressed confidence in their ability to distribute the IRA funding. Terry Cosby, chief of USDA's Natural Resources Conservation Service, said that "99.8% of those funds were put on the ground" in the most recent fiscal year.

The Congressional Budget Office doesn't think USDA can spend all of the funding by 2031, particularly the amount allocated to the Regional Conservation Partnership Program.

Speaking broadly on the subject of the IRA, the [more than \\$3 billion invested through the Partnerships for Climate-Smart Commodities](#), and other ongoing administration efforts to invest in agricultural conservation, USDA Farm Production and Conservation Undersecretary Robert Bonnie said the department is well aware of the close watch many are keeping on how the funding is being used.



USDA Undersecretary Robert Bonnie

“We've got resources to do good things right now, but at the same time, we're under some pressure to do that well and to get those resources put out into the field in a way that obviously works for the environment, works for our customers – the producers – and works for the taxpayer,” he said.

Rendering left out of federal food waste strategy, groups say

Farm groups and state agencies are calling on the Agriculture Department, the Food and Drug Administration and the Environmental Protection Agency to give rendering a greater role in their proposed strategy for reducing food loss and waste.

The [draft strategy](#), released in December, includes a goal of cutting food loss and waste in half by 2030 using food banks, promotional materials, recycling and additional storage infrastructure. Food waste, it says, causes around 58% of landfill methane emissions released into the atmosphere

The strategy fails to mention rendering, the process of cooking meat and animal byproducts to create pet food, biofuels and organic fertilizer, according to comments from the North American Renderers Association, the California Department of Food and Agriculture, the Food and Agriculture Climate Alliance, and the (formerly North American) Meat Institute.

“Given the fact that North American renderers upcycle more than 54 billion pounds of raw material each year, we were disappointed to see that rendering is not mentioned,” North American Renderers Association President and CEO Kent Swisher [told the agencies in a comment](#).

Swisher said renderers recycle 99% of unwanted meat from farms, meat processors, supermarkets, meat lockers and restaurants and, in doing so, keep it from entering landfills. They also recycle 1.6 billion pounds of used cooking oil from restaurants into renewable fuels, he added.

In addition to giving the industry more consideration throughout the strategy, Swisher called on EPA to include rendering in its [Wasted Food Scale](#). The scale, which lays out and ranks pathways for preventing or managing wasted food, “did not incorporate or acknowledge rendering’s significant contributions to [food loss and waste] reductions,” he said.

A separate EPA report on food waste issued last year said rendering wasn't evaluated for its environmental impact "due to a lack of available environmental data."

Annette Jones, the director of the Animal Health and Food Safety Services Division of the California Department of Food and Agriculture, [said in a comment](#) that rendering "has been an integral part of animal food recycling and biofuel production in California."

"The draft strategy and the new Scale, if not revised to highlight the vital role of rendering, would unjustifiably omit a critical sector that helps EPA and the State of California achieve the target goals of waste reduction and recycling," she wrote.

Approximately 50% of an animal carcass is inedible, which makes rendering an important method for reducing meat industry's food production footprint, according to [a comment from the Food and Agriculture Climate Alliance, whose members include the American Farm Bureau Federation, National Farmers Union, Environmental Defense Fund, and a broad range of ag groups.](#)



One example can be seen with feather meal, [said Ashley Peterson, senior vice president of scientific and regulatory affairs for the National Chicken Council](#). Poultry feathers, an inedible product, are ground and dried by renderers to serve as a "slow-release high-nitrogen organic fertilizer or a feed additive for livestock."

The rendering industry has been making products like soap and candles for centuries, Peterson said. Rendering facilities are currently "seeing an influx" in demand "unlike any other time in the past" and should receive investments to help them keep up with animal protein increases.

"Ensuring that rendering facilities can be easily expanded or built would be a great way to reduce waste and improve the repurposing of byproducts that would otherwise go to waste," Peterson said.

Swisher, with the North American Renderers Association, also encouraged the agencies to consider a "technology-neutral approach" when looking at funding for organic recycling technologies. Federal subsidies for these technologies, he said, have "come at the expense of traditional organic recyclers like the rendering industry."

"Subsidizing new technologies and industries allows the unfair advantage to collect raw materials that might have already been collected by the rendering industry. Counting this expansion as progress towards goals is not accurate," Swisher said. "It is simply taking a supply stream from one organic recycler to another."

The American Frozen Food Institute, the Global Cold Chain Alliance, the Meat Institute, the National Fisheries Institute, the National Pork Producers Council and the Washington Red Raspberry Commission urged the agencies to "remove the distinction" given to "raw" or "fresh"

fruits and vegetables when compared to “frozen” ones in the report. The groups, in a joint comment, called freezing “a powerful tool to limit food loss during post-harvest, processing, and transportation and can extend the marketability of products that otherwise might not meet visual or physical specifications required by grocery stores.”

The groups, [in their comment](#), agreed with the agencies’ assertion that cold chain capacity is currently lacking nationwide. They said USDA should put Food and Agriculture Learning Program grants toward expanding frozen and cold storage in schools, applauding its Farm Storage Facility Loan program, which can help finance cold storage upgrades on farms.

Andrew Harig, vice president of tax, trade, sustainability and policy development at the Food Industry Association, praised the strategy’s support for food donation incentives [in his comment](#). He encouraged federal agencies to look at expanding capacity and infrastructure to manage “surges in demand for food donations.”

“One of the lessons COVID revealed was that – while the system of food banks and food kitchens do amazing work everyday serving their communities – they can also struggle to oversee surges in demand caused by unexpected events,” Harig wrote.

Susan Backus, vice president of regulatory and scientific affairs for the Meat Institute, said improvements in storage capacity are needed at food banks, especially when it comes to meat. Meat is one of the “top three most needed foods” among food charities, though several of these organizations struggle to have enough space to safely store, pack and distribute this food type, she said.

They advocated for the development of more protein pack rooms in food banks, which are places where meat can be repacked and distributed in “consumer friendly sizes.” Eight protein pack rooms currently exist, [Backus said in comments](#).

Harig, with the Food Industry Association, also said the group’s member companies generally support more data collection on food waste, but “are extremely wary of the creation of new mandates, obligations, and cost-centers.” Many small and midsize companies find collecting and reporting data on waste “prohibitively expensive and time-consuming,” he said.

“We encourage the agencies to approach enhancing the measurement process with a focus on creating incentive based opportunities and capacity building for the entire supply chain,” he said.

Stephanie Johnson, vice president of government relations for the National Grocers Association, said she appreciates USDA’s plan under the strategy to “provide outreach on the benefits of using tax credits to encourage the donation of food.” Small grocery stores with small staffs sometimes struggle to find the time or staff resources needed to organize food donations, she said.

“We believe that providing tax credits to make food donation a financial incentive instead of an additional cost encourages participation and will lead to an increase [in] retailer participation,” [she wrote in a comment](#).

She also said retailers are concerned about potential legal actions that could result from donations of products that have passed the date on their label. The USDA, she said, has “committed to outreach on liability protections under amendments to the Bill Emerson Good

Samaritan Food Donation Act,” but she asked the agencies participating in the strategy to look for more opportunities “across the supply chain” to educate about date labeling.

National Association of State Departments of Agriculture CEO Ted McKinney, [in a comment](#), said federal agencies should coordinate with state departments of agriculture on implementing the goals laid out in the draft strategy. State agriculture departments, he said, are already working on minimizing food waste. He pointed to CDFA, which recently [updated its website](#) with additional information about food loss and waste, as one example.

“Tackling this problem will require federal and state agencies to work cooperatively alongside industry and community stakeholders to look at every part of the food system,” McKinney said. “Collaboration across the entire food supply chain is paramount in developing effective strategies.”

State and local food authorities are “often closer and more engaged with agriculture and food producers in their localities than national authorities,” which makes them useful partners in this effort, the Food and Agriculture Climate Alliance said in their comment.

“State and local authorities can help to tailor approaches that reflect the “reality on the ground,” increasing the chances of successful processes being implemented,” the organization’s comment said. “Efforts to address food loss and waste are going to require broad support to be successful and the unique position of state and local officials and organizations are an invaluable tool for helping achieve this buy-in.”

As part of the draft plan, USDA’s National Institute for Food and Agriculture said it would infuse the Community Food Projects Competitive Grants Program with \$15 million of American Rescue Plan Act funding. The money, the draft strategy says, will “help develop links between food producers, providers, food recovery organizations and emergency feeding organizations to get surplus wholesome food to individuals via emergency food assistance organizations.”

International Fresh Produce Association Chief Science Officer Max Teplitsky, however, expressed concern about for-profit organizations not being eligible for these funds, which he says are set to go only to a few types of organizations – public food service providers, tribal organizations or private nonprofit entities.

“[T]hese restrictions on eligibility risk long-term sustainability of food loss recovery programs,” [Teplitsky said in a comment](#). “Hundreds of years of economic theory and practice have established that there is no substitute for market-driven programs, and only market-driven programs remain sustainable once short-term public investment is redirected.”

He also said the agencies’ consumer education campaigns should not emphasize the message of “food for compost” around fruits and vegetables. Instead, he said they should be “prescriptive” and focus on promoting consumption.

“Food, especially highly nutritious foods, such as fresh fruits and vegetables, belongs on the plates of children, and not in compost piles,” he wrote.

Potatoes' role in healthy diet examined

The Dietary Guidelines Advisory Committee's examination of which foods make up a healthy diet has the potato industry worried that the legendary spud will lose its status as a vegetable and thus a favored position in federal nutrition programs.

The issue involves the role of potatoes in Americans' diets, specifically the amounts consumed and the way they are prepared.

The National Potato Council has been sounding the alarm over the committee's work, resulting in articles across the country warning that potatoes may be reclassified as a grain.

“Should we reclassify a vegetable as something other than a vegetable?” Kam Quarles, NPC’s president and CEO, said in an interview in which he reiterated points he made in testimony to the committee in September, as well as in more recent comments.

In a [Jan. 17 letter to the DGAC](#), Quarles said white potatoes’ “nutrient benefits align most closely with vegetables. Specifically, potatoes provide a source of essential nutrients, including vitamin C, vitamin B6, dietary fiber and magnesium, and iron, as well as important phytonutrients.”

He also said potatoes are a “springboard” vegetable. “Research shows that serving potatoes can encourage individuals to eat other vegetables when paired together on the plate,” he said. “Conversely, any decrease in recommendations for servings of potatoes could potentially decrease vegetable consumption further.”

In addition, “Potatoes are foundational to many cultural eating patterns in America and can help all Americans meet their nutrient recommendations,” Quarles said in the letter.



Kam Quarles, National Potato Council

The DGAC says it's not considering a change to the classification of potatoes. “It is not within the committee’s purview to make such a change,” DGAC spokesperson Joellen Leavelle said in an email. “That said, the committee is conducting an evidence review, which includes systematic reviews, food pattern modeling and data analysis.”

As part of that review, in looking at food pattern modeling, one of the hypothetical questions DGAC is considering is “what if someone follows a vegan, dairy-free, or low-carbohydrate diet or consumes more starchy vegetables, such as potatoes, and fewer grains ... can the patterns still meet nutrient adequacy for each life stage?”

In addition, the committee’s [Staple Carbohydrates protocol](#) “outlines the approach it will use to answer questions related to grains and other staple carbohydrate foods,” Leavelle said. “The protocol includes the question: What are the implications for nutrient intakes when specific individual staple grains are emphasized; or when Grains are replaced with other staple carbohydrate foods (i.e., Starchy Vegetables; Beans, Peas, and Lentils; starchy Red and Orange vegetables)?”

“White potatoes are just one example of a staple carbohydrate food from the Starchy Vegetables subgroup,” Leavelle notes. “Other staple carbohydrate foods important to many cultural foodways include foods such as bread, rice, pasta, tortillas, cornmeal, white potatoes, cassava, pinto beans, black beans, chickpeas, split peas, lentils, pumpkin, and sweet potatoes, among others.”

The Staple Carbohydrates protocol says “moderate evidence indicated that dietary patterns that were higher in nutrient-dense foods, including whole grains and legumes, were associated with favorable bone health outcomes and lower risk of colon and rectal cancer in adults; whereas, dietary patterns with French fries and potatoes were associated with a greater colon and rectal cancer risk.”

In addition, “limited evidence suggested” that during childhood, “dietary patterns with lower whole grains and higher refined grains, and fried potatoes were associated with higher fat-mass index and body mass index later in adolescence. Similarly, limited evidence suggested that dietary patterns in children and adolescents characterized by higher intakes of whole grains and legumes were associated with lower blood pressure and blood lipid levels later in life.”

In his Jan. 17 letter, Quarles cited a 2021 study that found “consumption of potatoes (baked or boiled, mashed potatoes, fried potatoes, and potato chips) was associated with higher diet quality, nutrient intake, and adequacy, and therefore encouraging potato consumption may be an effective strategy for improving nutritional status.

“Potato consumers also had higher intake of energy, dietary fiber, protein, copper, magnesium, phosphorus, potassium, selenium, sodium, zinc, niacin, vitamin B6, vitamin C, vitamin K, and total choline than non-consumers,” NPC said.

The debate is not new.

Back in 2006, the National Academy of Medicine recommended that potatoes not be included in the Special Supplemental Nutrition Program for Women, Infants and Children. In 2011, Congress rejected USDA’s recommendation that school lunches contain no more than two servings of potatoes or starchy vegetables each week.

Then in 2015, the National Academy of Medicine changed its position, concluding that white potatoes should be included in WIC packages.

“The committee concluded that including white potatoes in the WIC food package would either have no impact or slightly improve the nutritional status of women and children,” [the NAM panel said](#). “Including white potatoes would also probably help WIC participants consume the recommended intake for starchy vegetables.”

Jerold Mande, former deputy undersecretary for food safety and a senior adviser for nutrition at USDA who advocated for the removal of white potatoes from the WIC package, told *Agri-Pulse* that white potatoes are definitely a vegetable and have some nutritional benefits. However, since so many white potatoes are consumed as fries, “you don’t get much [nutritional] benefit.”



Jerold Mande

[USDA figures show](#) that “almost half of all potatoes going into food in the United States are now used to create frozen products — most of which are french fries.”

Of course, it also depends on how those fries are prepared, he says.

“There is a big difference between french fries that you might make yourself where you cut up a potato and cook it in oil, particularly a healthy oil, like olive oil. That’s a very different product than the ultra-processed french fries that you find in packaging and stores and many fast-food restaurants.”

His point is that Americans already eat enough potatoes.

“Potatoes can be part of a healthy diet, but there’s plenty of them in the diet,” he said. “The idea is to get increased exposure to fruits and vegetables that people maybe aren’t eating as many as they could and have higher nutritional value,” such as kale, broccoli, spinach, carrots, and others.

Specialty crop importers frustrated by changes to border crossing reports

Specialty crop importers who rely on USDA’s daily data report on foreign products arriving at U.S. ports of entry say it paints a confusing picture that makes it difficult to negotiate prices with foreign suppliers.

The Agricultural Marketing Service’s Daily Movement report shares data every day on the number of truckloads of a wide range of commodities crossing into the U.S. from foreign countries.

Before 2021, the report relied on numbers AMS pulled together through reporting mechanisms that varied based on the port, said Allison Moore, executive vice president of the Fresh Produce Association of the Americas.

But then the agency began getting this information from the Department of Homeland Security and Customs and Border Protection through the Automated Customs Environment data system because it provided a “more robust, comprehensive data set than previous methods,” USDA spokesman Allan Rodriguez said.

“All products crossing the border must be reported through movement data including volumes of products by Harmonized Tariff System (HTS) codes within 10 business days of entering the United States, which gives a highly accurate and static data set for Market News to utilize to generate the movement/Daily Crossing reports,” Rodriguez said.

Moore said while the new system provided the agency with a more standardized way to collect data, it made it more difficult for producers to see what was happening on a day-to-day basis. Under CBP rules, shippers and their customs brokers have 10 days to finalize data entries for shipments crossing the border.

“Any type of negotiating power we had, they took it away the day they switched over to this new system,” said Amanda Horney, business development manager at London Fruit, which sources

fruit from Mexico, Peru and Argentina. She uses the reports to negotiate prices with foreign suppliers for products like limes and mangoes.

Moore said it appears that USDA is not getting crossing data until after shipments are finalized, which means shipments counted in the report may not actually be coming in on the day they are listed; rather, they could have arrived earlier in the 10-day window.

This is a problem for importers trying to negotiate prices for limes, avocados and mangos, though it may extend to those that purchase other types of commodities as well, said Dante Galeazzi, the president and CEO of the Texas International Produce Association.



Amanda Horney, London Fruit

Under general supply and demand theory, prices tend to go up in scenarios where supply is down and demand is up, Galeazzi said. Conversely, prices tend to go down when there's a large supply and no demand.

But piecing together that puzzle is more difficult if importers don't have visibility into the supply entering the U.S. at the border, especially when it comes to the price of imported produce, which can fluctuate daily, Galeazzi said.

"You can see very quickly how now, our folks who are responsible for pricing, have lost one of the biggest tools in their toolbox," Galeazzi told *Agri-Pulse*.

USDA's Rodriguez said AMS is "aware of the industry's concerns" about the report and that AMS and CBP are in discussions "to identify possible solutions."

CBP did not provide a response to an *Agri-Pulse* inquiry by press time.

Galeazzi said he has noticed "more examples" of lime markets going into "excessive pricing periods" in the past two years than at other points in the last 10 years. For example, he said during most times, a 40-pound box of limes would typically cost around \$20, though it's now "common that every other month" the same box of limes will reach prices of \$50 to \$70.

The costs add up for importers who are buying thousands of boxes of limes, he said. London Fruit is one of the companies that have seen the effects.

"We lost thousands of dollars, but I know it hurt other people a lot more than it hurt me," Horney told *Agri-Pulse*. "I'm a smaller player in the game. Some of the bigger guys, they were hurt a lot by this."

The new reports, London Fruit's Horney said, provide "no visibility" into what lime shipments cross during weekends. She has also noticed "large data dumps" on Wednesdays, Thursdays and Fridays, likely due to numbers being marked in the system as completed.



Allison Moore, Fresh Produce Association of the Americas

The groups have brought the issue to both agencies, as well as members of Congress. Moore, however, said “the ball is really in CBP’s court.”

CBP does receive some preliminary crossing data immediately — it’s just not finalized, Moore said. She believes a solution would be to find a way for CBP to share this preliminary data with AMS to be used in the report, rather than just finalized data.

“It does make more sense to be able to use the CBP data,” Moore said. “But that data has to be available more real-time to the partner government agency, which in this case is USDA.”

Another option would be to go back to the USDA’s pre-2021 reporting system, Galeazzi said.

“We’ll take either one of those,” he said of both options. “What we need is that timely, quality information of the figures that are crossing and entering so we understand the supply.”

News Briefs:

Census: Nine California counties lead U.S. ag sales. Fresno County once again topped the charts for U.S. agriculture with over \$6.9 billion in sales, according to the 2022 [Census of Agriculture](#) released by USDA’s National Agricultural Statistics Service Tuesday. That amount is higher than farm sales generated by 23 states, the California Department of Food and Agriculture noted. After Fresno County, the remaining top-10 California counties for ag production in the U.S. are: Tulare, Monterey, Kern, Merced, Imperial, San Joaquin, Stanislaus, Santa Barbara, and Kings. Grant County, Washington ranked 10th. “Once again, California has the top agricultural counties in the nation, which is a testament to the resilience and innovation of all those involved in food production,” said CDFA Secretary Karen Ross. Other key findings:

- The number of farms in the state fell to 63,134, down 10% from 2017 with an average size of 383 acres (up 10%). Farmland acreage dropped 1% to 24.2 million acres.
- The market value of all California agricultural products sold totaled \$59 billion, up \$13.8 billion from 2017.
- Total farm production expenses totaled \$49.3 billion, up \$11.5 billion from 2017.
- At 16,699 farms, California is the top state using renewable energy systems in agriculture. Solar is the most common renewable energy producing system on farms and ranches in The Golden State.

Ethanol plants saw strong profits in 2023. Ethanol producers saw strong profits in 2023, helped by a decline in the price of corn, according to [an analysis by University of Illinois economist Scott Irwin](#). Net earnings averaged 29 cents per gallon for 2023, more than twice the historical average profit since 2007, Irwin wrote. “Hence, 2023 turned out to be a strong year for ethanol profits,” he said. Profitability varied widely over the year, ranging from a high of 74 cents per gallon to a loss of 5 cents per gallon, reflecting the volatility of prices for corn as well as for the plants’ products: ethanol, dried distillers grains and corn oil, Irwin said. [According to a separate Irwin analysis](#), ethanol plants have increased their production of fuel from each bushel of corn, but the tradeoff is that the facilities are yielding less DDGS, which is a feed source for cattle. As a result of the efficiency, plants have increased their revenue by about 28 cents per bushel, or 4%, since 2015.

Land values stay high in area covered by KC Fed. Ag real estate values in the area covered by the Kansas City Fed — which stretches from western Missouri to Wyoming — stayed strong through the end of 2023, according to the latest survey of bankers in the area covered by the Tenth Federal Reserve District. “The value of nonirrigated farmland in the region grew around 10% from a year ago despite sharply higher interest rates and a moderation in farm income and credit conditions,” [KC Fed economists said in describing the results](#). “Capital spending slowed, however, alongside higher rates and lower farm income.” “The farm economy continued to moderate alongside lower crop prices, but elevated cattle prices and strong farmland values have provided some stability for the sector,” they said. The conditions caused a jump in demand for farm loans, which grew “at the fastest pace in nearly three years,” the economists wrote. “Farm borrower liquidity has declined over the past year and the share of banks reporting higher loan demand than a year ago reached the highest level since 2019.” “Interest expenses in 2023 were two times what was paid in 2022, while expenses for fuel, chemicals, seed, feed and fertilizer were still high, which made it very tough for farm borrowers to show a profit,” said a Northern Colorado banker. Another in central Kansas said “drought and lower corn prices made things tighter for grain farmers. Many are taking crop insurance proceeds. All of this, coupled with high interest rates, has caused a lot of uncertainty, and farmers seem to be getting more conservative with capital spending.” The area covered by the district includes Colorado, Kansas, Nebraska, Oklahoma, and Wyoming; 43 counties in western Missouri; and 14 counties in northern New Mexico.

EU organic sales lackluster amid tough economy. The Department of Agriculture says organic food sales have been struggling in the European Union due to economic challenges. Offices of USDA’s Foreign Agricultural Service in the EU estimate the organic market grew “slightly” in 2023 after shrinking by 0.5% in 2022 to \$55.1 billion “due to the difficult economic situation that member states faced that year and continue to experience,” [according to an FAS report](#). The agency doesn’t yet have a sales estimate for 2023. “Overall, the organic market in the EU is a rather resilient one due to a group of loyal consumers who do not base their purchasing decisions on price,” the report says. Germany and France are the biggest markets for organic products, but the highest sales per person are in Denmark, Sweden and Austria, the report says. FAS estimates 42 million acres in EU countries were under organic management in 2023, up from 41 million acres in 2022.

USDA reaches consent decision with Cargill Meat Solutions over P & S Act violation. The U.S. Department of Agriculture reached a consent decision with Cargill Meat Solutions Corporation of Wichita, Kansas for violations of the Packers and Stockyards (P&S) Act. Under the consent decision announced Tuesday, Cargill must cease and desist from failing to meet applicable camera grading installation standards as established by the National Institute of Standards and Technology at its cattle processing plants and from compensating sellers based on inaccurate grading. In addition, Cargill was assessed a civil penalty of \$155,000. The penalty stems from a March 2022 investigation by USDA’s Agricultural Marketing Service. USDA said Cargill self-reported that its beef grading cameras were installed incorrectly, resulting in inaccurate yield grades at its four fed cattle plants. The investigation revealed that Cargill applied inaccurate yield grades to 324,824 carcasses that it purchased on a carcass grade and weight basis from August 2021 to March 2022, resulting in an underpayment of \$12,514,804 to cattle sellers. Cargill compensated all sellers for any underpayment in May 2022 using corrected yield grades.

Farm Hands on the Potomac:

Gary Millerchip has accepted the position of executive vice president and chief financial officer at Costco. He previously was the senior vice president and chief financial officer at Kroger.

Beth Tritter now serves as a partner at FGS Global in the government affairs division. She comes to the firm after working for two years at USAID, where she most recently was the director of the COVID-19 response team.

Farmers National Co. has announced the addition of two regional vice presidents. **Grant Fitzgerald** has been promoted to regional vice president of farm and ranch management. He previously was the vice president of farm and ranch management operations based out of Omaha. **Mike Janssen** has also been hired as a regional vice president of farm and ranch management. He most recently was a district manager for Iowa with Syngenta Seeds.



Gary Millerchip, Costco

John Rozum has moved over to senior director of industry sectors at the Association of Equipment Manufacturers. He previously was the senior director of ag and utility exhibitions and events.

Emily Welch is the new staff assistant for the minority side of the Senate Ag Committee. She replaces **Bryce McWilliams**, who was promoted to legislative aide and special assistant. Welch is a graduate of the University of Florida with a double major in economics and biology. She previously worked as a National Park Service park ranger in the Grand Teton National Park and Glacier National Park.

Bryson Henriott has joined the staff of House Speaker **Mike Johnson** as the new press assistant. He previously was a legislative correspondent and special assistant to Rep. **Drew Ferguson**, R-Ga.

DeShawn Blanding has left the House Ag Committee, where he worked for ranking member **David Scott**, D-Ga., as a senior policy analyst on issues related to local and regional food systems, specialty crops, organic and urban agriculture, historically underserved producers, civil rights and racial justice, agricultural credit, and rural health. Earlier in his career, he worked for the Senate Ag Committee and the Rural Coalition. He has not announced his next job.

Kellie Bray has joined the board of Midwest Food Bank as a new director. Bray serves as the chief of staff at CropLife America.



Wayne Fredericks

Wyatt Brummer has been re-elected chairman and **Greg Beck** as first vice chairman of the Transportation, Elevator and Grain Merchants Association (TEGMA). Brummer is the vice president-western rail grains at The Scoular Co., and Beck is the chief administrative officer and senior vice president of CGB Enterprises. **Aaron Reid**, chief operating officer of J.D. Heiskell

and Co., was elected second vice chairman. Other officers newly elected include **Angela Caddell**, BNSF Railway; **Jason Hess**, Union Pacific Railroad; **Greg Beck**, CGB Enterprises; **Justin Cauley**, CHS Inc.; **Shaun Meiners**, The Andersons; and **Trent Schairer**, Bartlett Grain Co.

Conservationist and Iowa farmer **Wayne Fredericks** died on Feb. 7, after fighting cancer. He was 72. He referred to himself as an “accidental conservationist,” farming in northern Iowa for over 50 years. Fredericks served on the American Soybean Association’s board of directors and most recently won the 2022 American Soybean Association Conservation Legacy Award.

Best Regards,

Sara Wyant
Editor

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