



# California Association of Wheat Growers

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## Newsletter

August 6, 2010

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### Upcoming Events

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**-August 31, 2010 - CAWG Board Meeting/Special Guest Chief Executive Officer of NAWG Dana Peterson to Attend**

**-September 20-24 - Wheat Foods Council, Urban Wheat Field Event/CAWG Hill Visits**

**-October 22-25 - NAWG Fall Wheat Conference**

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### Steinberg Amends "Card Check for Ag" bill

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On the heels of being notified of a Governor's veto on the overtime after 8 hours bill, Senator Steinberg amended his "card check for ag" bill. The amendments remove the provision that required the ALRB to certify election when 50% plus one vote of the

employees requested an election and replaced it with provisions that require "card check" approvals as a remedy when the board determines there have been unfair labor practices in an election. Agricultural employers are concerned that this provision will increase the incentives to allege "unfair labor practices" during an election and would provide organizers a second opportunity at certification through a "card check" approval process leading to almost certain union approval of elections even when the employees vote for "no union." The same coalition of agricultural associations that secured the Governor's veto of the overtime bill is working on defeating this proposal.

### **Democrat Leaders Introduce Budget Proposal**

Democrat leaders Steinberg and Perez introduced a new budget plan this week. The proposal would increase income tax and the vehicle license fee while reducing the sales tax. It also included other taxes such as an oil severance tax. The budget also included significant cuts including reductions to social welfare programs, education and state employees.

### **USDA Says Farm Input Costs Dropped in 2009**

U.S. farm spending on inputs dropped by nearly \$20 billion in 2009 after its record run-up in 2008, USDA reported this week. The decrease was the first major drop in almost 25 years, the department said. Total U.S. farm spending was \$287 billion, down from \$307 billion the year before, and average spending per farm dropped 6.4% last year, from \$140,075 to \$131,137. USDA said reductions in petroleum prices led to drops for ag chemicals, fertilizer and fuels. Average feed costs decreased 4% to \$20,533 per farm, with the average cost for fertilizer, lime and soil conditioners dropping 10.7% to \$9,171 per farm.

### **Russia Bans Wheat Exports, Sending Prices Soaring**

Wheat prices soaring on news of production problems in Russia got an unusual boost this week when the country announced a ban on grain exports until at least December.

The country has been facing a severe drought and wildfires that have destroyed at least 20 percent of the Russian wheat crop. Still, the country has stocks and was until recently planning to draw on them to complete export orders.

The ban includes wheat and other grains as well as flour and goes into effect on Aug. 15, regardless of existing sales contracts, though the situation is very fluid and some contracts could be fulfilled.

Wheat buyers from around the world planning to source from Russia are expected to look elsewhere following the announcement on Thursday by Russian Prime Minister Vladimir Putin. This could affect U.S. wheat exports, which have been inching higher anyway; in

July, the International Grain Council raised its forecast for U.S. wheat exports from 24.3 MMT to 29.2 MMT, which would be slightly above average.

In the U.S., futures prices for wheat reacted to the tightening supply by going up near the daily limit on Thursday, then falling by the limit on Friday.

At least temporarily, new export demand could mean Russia's move on the global wheat market helps farmers in hard red winter wheat areas who have been facing cash prices well below the cost of production.

### **All Applications for 2008 SURE Payments Due Sept. 30**

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USDA's Farm Service Agency (FSA) announced this week that producers have until Sept. 30 to submit applications for payment under the 2008 SURE program.

SURE, which stands for Supplemental Revenue Assistance Payments, is a new program included in the 2008 Farm Bill to provide financial assistance for crop production or quality losses due to a natural disaster.

FSA began accepting and processing 2008 SURE program applications in January 2010, and the American Recovery and Reinvestment Act of 2009 allowed for a one-time increase in the calculation of 2008 SURE payments that are filed by the end of this fiscal year on Sept. 30.

FSA encouraged producers to file an application for 2008 SURE payments regardless of whether they think they qualify for the payment. Producers who don't file by the deadline won't be considered eligible for 2008 SURE program payments regardless.

An electronic SURE program payment calculator and additional information regarding the SURE program is located at <http://www.fsa.usda.gov/FSA/sure>, or producers can contact their local FSA office for more information.

### **Grassley, Feingold Introduce Payment Limitations Bill**

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Saying they're closing loopholes in farm payment programs "used to game the system," Sens. Charles Grassley (R, IA) and Russ Feingold (D, WI) this week introduced legislation to set farm program payment limits at \$250,000. The Senators say the bill will save the Treasury \$1 billion a year, while better targeting small and medium-sized family farmers with needed assistance. The bill caps direct payments at \$40,000; counter-cyclical payments at \$60,000, and marketing loans (including forfeitures), loan deficiency payments and commodity certificates at \$150,000. These limits would be reduced based on participation in the ACRE program. The bill also clarifies how individuals and married couples qualify for payments, creates a system to trace payments directly to individuals and clarifies the definition of active engagement in a farming operation necessary to

qualify.

## **Reid Abandons Energy until Fall; GAO Gives Opponents Ammo on Carbon Limits**

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Senate Majority Leader Harry Reid (D, NV) this week abandoned his hope of getting an energy bill to the Senate floor, effectively punting the issue to September when Congress returns from its seven-week August recess. The National Corn Growers Assn. (NCGA) was disappointed but it remained hopeful for further discussions "on how ethanol can contribute to our nation's energy policy and energy security." Reid blames the GOP for failing to agree to a compromise bill built off his draft legislation. Reid's team negotiated to merge the Democrat version of energy incentives with a bill put forward by the Republicans, but talks collapsed August 3. The GOP says Reid should have begun discussions last spring on a bipartisan bill passed by the Senate Energy & Natural Resources Committee, but decided to set debate "when it was slammed between a Supreme Court nomination and the August recess." Reid's energy bill problems are not just with Republicans, but with in-fighting within his own party. He was undercut by Sens. Mary Landrieu (D, LA) and Mark Begich (D, AK), who offered a compromise on the oil spill liability provisions of his draft bill at the 11<sup>th</sup> hour. Senators from both parties, joined by the American Petroleum Institute (API), oppose the unlimited liability on oil companies, a move they said is designed to punish oil companies, but which will work as a disincentive to small and medium-size independent companies. The Landrieu-Begich language would allow companies to pool liability, with the President deciding liability caps on a situational basis. House Republicans said the GAO report's findings are "cautionary" about cutting a global emissions agreement to replace the Kyoto Protocol because data submitted by developing countries to the United Nations is dated and of poor quality. Opponents of the U.S. setting rigid caps on carbon emissions said the report underscores the danger of putting the U.S. at an economic disadvantage to lesser developed countries in a climate deal.