



California Association of Wheat Growers

~~~~~

## Newsletter

March 18, 2011

~~~~~

In This Issue

[Annual Board Meeting Announcement](#)

[Japan Situation Hits Markets](#)

[Congress Approves Another Short-Term Spending Bill](#)

[House Ag Committee Asks Budget Leader to Go Soft on Ag Cuts](#)

[House Committee Approves Bill to Curb EPA Greenhouse Gas Authority](#)

[Klobuchar, Lugar Offer Bipartisan Bill on Ag EPA Rulemakings](#)

[Dramatic Payoff of Ag Research Spotlited on Capitol Hill](#)

[Pressure Builds for Simultaneous Consideration of Three FTAs](#)

[State Lawmakers Pass Budget, but Key Pieces Still Unresolved](#)

[Other State Legislative Activity](#)

[Know a California Farmer - Let's get the word out!.](#)

ANNUAL BOARD MEETING ANNOUNCEMENT

~~~~~

Dear CAWG Member:

The 2011 Annual Meeting of the California Association of Wheat Growers will be held at 8:00am on April 12, 2011, at the California Farm Bureau office, 2300 River Plaza Drive, Sacramento, CA 95833. All CAWG members are encouraged to attend. If you have

questions, or to RSVP, please call CAWG at 916/492-7066.

**Thank you!**

### **Japan Situation Hits Markets**

~~~~~  
The Japanese earthquake and ongoing nuclear power challenges put heavy pressure on U.S. grain and meat markets this week, shoving many contracts down the daily limit as concerns over uncertainty surrounding Japan's import ability mount. Japan is a key buyer of U.S. ag and food products, and a drop in demand could put ongoing pressure on markets, sources said this week.

The Chicago Mercantile Exchange reported this week live cattle futures lost 415 points, feed cattle futures dropped 390 points and lean hogs declined by almost 500 points, all in the three days following the 9.0 earthquake and tsunami that devastated Japan. The uncertainty of the Japanese government's ability to control damaged nuclear reactors is exacerbating the situation, CME reported.

Congress Approves Another Short-Term Spending Bill

~~~~~  
Amid growing frustration within the ranks of his freshmen budget hawks, House Speaker John Boehner (R, OH) this week successfully pushed through the full House another short-term spending measure on a 271-158 vote which the Senate approved by an 87 to 13 vote. The latest stop-gap spending bill is a three-week continuing resolution set to expire just about the time the House must vote on whether to extend the federal debt limit. The bill funds the government through April 8, while cutting current spending levels by another \$6 billion, mainly from program cuts identified in White House budget recommendations. Most of the cuts come from program authorizations funded but unspent and from earmarks for which money has not been allocated.

While some Democrats said cuts in spending would hurt the overall economy, budget hawks in the Republican party evinced strong frustration the bill did not go farther in cutting overall spending. In the House, fifty-four Republicans voted against the measure, saying at least another \$50 billion in cuts are needed. In the Senate, nine Republicans voted against the measure, four more than the previous two weeks.

FY2011 overall negotiations between the House and Senate continue, and leadership expressed optimism this week they will have a final package on the floor before April 18, the beginning of Easter recess.

### **House Ag Committee Asks Budget Leader to Go Soft on Ag Cuts**

~~~~~  
The House Budget Committee heard this week from the House Agriculture Committee that as action is taken to cobble together a FY2012 budget, consideration must be given to reductions already taken by agriculture and that expected recommendations for further spending cuts may go too far. In a letter to Budget Committee Chair Paul Ryan (R, WI), House Agriculture Committee Chair Frank Lucas (R, OK) and ranking member Rep. Collin Peterson (D, MN) called on Ryan to turn

a deaf ear to calls to slash at least part of \$5 billion in direct farm program payments, and reminded him that "while agriculture...constitutes 4.6% of U.S. Gross Domestic Product (GDP), the farm safety net now constitutes less than one quarter of one percent of the federal budget and 13% of USDA's budget." They also reminded Ryan of the number of program cuts USDA has withstood over the last few years.

Among the cuts in ag spending cited by the ag panel leaders are USDA's projected savings of \$6 billion over a decade from administrative and operating costs for crop insurance, and a \$7.5 billion reduction on conservation, rural development, trade, research and energy programs from 2003 through 2010. However, the ag panel leaders did signal a willingness to look at further cuts in food stamp spending, which represents about two-thirds of USDA's budget, and was last increased in the 2009 stimulus package. Meanwhile, mainstream agriculture organizations continue to lean on Congress to bring parity back to federal spending cuts, pointing out agriculture is being hit with a 22% reduction in spending while the rest of the federal government is looking at slightly less than 10% on average.

House Committee Approves Bill to Curb EPA Greenhouse Gas Authority; Second Committee OKs Action to Block EPA Pesticide Permit Rule

~~~~~  
The full House Energy & Commerce Committee earlier this week approved legislation that would remove authority from EPA to regulate greenhouse gas emissions under its Clean Air Act (CAA) authority. And in a second blow to EPA regulatory authority, the House Committee on Transportation & Infrastructure joined the Energy & Commerce Committee's action last week and approved March 16 a bill to block EPA from requiring applicators of certain pesticides approved under the Federal Insecticide, Fungicide & Rodenticide Act (FIFRA) in or near navigable waters from having to get a second permit under the Clean Water Act (CWA).

The greenhouse gas bill takes away EPA's authority to require reporting and control of emissions from large-source emitters, including power plants and refineries. During a seven-hour committee mark up, an amendment was accepted stating the sense of Congress that science surrounding climate change continues to be controversial. Few other substantive amendments were accepted despite last week's promise by Rep. Ed Markey (D, MA) saying his side of the aisle was holding debate and amendments until the full committee markup. The House bill will come up for a floor vote likely before the April 18 Easter recess, but faces a tough road in the Senate, where an identical bill has been introduced. In a move to smooth Senate consideration, Senate Minority Leader Mitch McConnell (R, KY) this week introduced an amendment to an unrelated small business measure - identical language to that approved by the House Energy & Commerce Committee - to block the EPA climate rules, and Senate Majority Leader Harry Reid (D, NV) said he'll allow the McConnell amendment to be voted on. On the pesticide bill, the transport committee has primary jurisdiction over the bill because it oversees the CAA.

### **Klobuchar, Lugar Offer Bipartisan Bill on Ag and EPA Rulemakings**

~~~~~  
Sens. Amy Klobuchar (D, MN) and Richard Lugar (R, IN), both members of the Senate Agriculture Committee, introduced legislation this week to "ensure that American farmers are represented in

the decision-making process for environmental policies and regulations that could affect U.S. agriculture."

The bill gives the secretary of agriculture the authority to appoint up to three ag members to EPA's Science Advisory Board (SAB), so that on-the-farm technical experience and advice is part of EPA's decision-making process, Klobuchar said.

The SAB is charged with providing analysis and recommendations for EPA regulations that often impact agriculture, and currently, only one member of the 48-member board has agriculture expertise.

Klobuchar and Lugar both cited a growing list of pending and existing regulations that may produce "undue economic hardship" on farms and ranches, including air particulate ("dust") rules and dairy operations regulated under oil spill prevention regulations.

Endorsing the bill are the American Farm Bureau Federation, National Farmers Union, National Corn Growers Assn., National Assn. of Wheat Growers, National Milk Producers Federation and the National Council of Farmer Cooperatives.

Dramatic Payoff of Ag Research Spotlighthed on Capitol Hill

~~~~~  
On Monday, the Council for Agricultural Science and Technology, commonly known as CAST, released a new paper taking a deep dive into the historic returns from agriculture research.

The paper showed that research knowledge pays off over a long period of time, but also depreciates and requires maintenance because agricultural pests continually evolve.

Public agriculture research expenditures grew by only 0.6 percent between 1990 and 2009, CAST said, and U.S. agricultural productivity growth has begun to slow while that in countries such as Brazil and China continues to grow.

Still, there is significant return on investment in agriculture research. Every dollar spent on public ag research and extension returns \$32 to society. This echoes a separate study from Texas AgriLife Extension Service estimating wheat variety research and extension for 2009 alone provided \$24 per acre in increased net returns to farmers.

And while most Americans don't realize it, from 1948 to 2009 the share of U.S. household income spent on food declined from 22.3 to 9.5 percent.

These important facts were highlighted at a Monday lunch-and-learn session for Capitol Hill staffers sponsored by the National Coalition for Food and Agricultural Research (National C-FAR).

About 70 staffers attended the session, at which Dr. George Norton, a professor at Virginia Tech, presented the CAST findings during a provided lunch.

A representative of NAWG's staff also attended the luncheon and was available to meet with attendees who had specific questions about wheat.

## **Pressure Builds for Simultaneous Consideration of Three FTAs**

~~~~~  
More leaders on Capitol Hill said this week they want to see three long-pending free trade agreements move simultaneously, while an Administration official indicated intense discussions to address the Administration's concerns with the Colombia agreement are underway.

Pressure on the Obama Administration to send all three pending free trade agreements to the Hill for consideration at one time ramped up on Monday with a new threat from 44 Senate Republicans to hold up key confirmations until they see action.

In a letter to Senate Majority Leader Harry Reid (D-Nev.), they said they would block consideration of nominations - including a likely Commerce Secretary nominee and other trade-related nominees - until the agreements with South Korea, Panama and Colombia, which have been languishing for more than four years, are considered.

The letter was perhaps the strongest statement of consequences yet on the question of if the three agreements should be considered together.

Also on Monday, House Ways and Means Committee Chairman Dave Camp (R-Mich.) and Trade Subcommittee Chairman Kevin Brady (R-Texas) released a joint statement saying "[t]he White House's refusal to act on all three makes no sense" and supporting Senators' calls for quick action.

Last week, at a Senate Finance Committee hearing on trade, both Chairman Max Baucus (D-Mont.) and Ranking Member Orrin Hatch (R-Utah) said they want to see the agreements moved together; later Sen. Dick Lugar (R-Ind.) went a step further and threatened to block consideration of the Korea agreement if it arrives alone.

While the political heat rose on this issue, an official from the Office of the U.S. Trade Representative told Congress intense, possibly "around-the-clock" negotiations on the Colombia agreement have started.

At a hearing held by the House Ways and Means Trade Subcommittee to examine the agreements progress, Deputy USTR Miriam Sapiro said negotiators from the U.S. and Colombia have been in consultation on remaining Administration concerns regarding labor rights in the country. She added that intense talks are beginning late this week, though she offered no deadline for resolution of the latest discussions.

The Colombia agreement is the most important of the three to the U.S. wheat industry, and NAWG and U.S. Wheat Associates have long pushed for its quick passage.

As pointed out by other witnesses at this week's Ways and Means hearing, wheat producers continue to lose market share because the agreement has not been approved; U.S. Wheat estimates wheat producers alone stand to lose \$100 million in sales per year without the

agreement.

For more about all three pending agreements, please visit www.wheatworld.org.

State Lawmakers Pass Budget, but Key Pieces Still Unresolved

~~~~~

On Wednesday and Thursday this week, lawmakers worked and passed a bill authorizing a \$123 billion state budget and other measures aimed at reducing state spending by \$6.2 billion but did not act on three key measures necessary to balance the spending plan. Most bills passed with Democrat votes and little or no Republican's joining.

The budget voted on by the Legislature is close to that proposed by Democratic Gov. Jerry Brown in January aimed at closing a \$25.4 billion budget gap with a split between spending cuts and extending several temporary taxes slated to expire this year.

At Brown's insistence, the taxes - an additional 1 percent of sales tax, a .25 surcharge on income tax and a higher license fee on vehicles - must be placed on the ballot for voter approval. Republicans - two of whom in each house must vote with Democrats to give voters that opportunity - have so far refused to do so.

Both the Assembly and Senate are "on call" over the weekend but unlikely to take any further budget action before Monday March 21.

Still unresolved are the most difficult budget issues - whether to eliminate redevelopment agencies - a bill to do so stalled one vote short of passage in the Assembly on March 16 - a bill to reduce a tax break for corporations that do business in multiple states and the legislation necessary to put the tax extensions on the ballot.

## **Other State Legislative Activity: Labor Bills Impacting Agriculture Moving Through the Process**

~~~~~

On March 17th, following a difficult 2 day budget debate, the Senate Appropriations Committee met and passed out of the committee SB 104 (Steinberg) Card Check Bill on a party line 6-3 vote. Next stop for the legislation is the Senate floor then it will move into the Assembly.

Other labor bills impacting agriculture will begin their legislative journey over the next few weeks. AB 10 (Alejo) which increases the minimum wage to \$8.50 cents on January 1, 2012, and possibly more importantly, will index increases in the minimum wage to increases in inflation will be heard March 30th in the Assembly Labor and Employment Committee.

AB 243 (Alejo) which would create joint liability for any farmer that enters into a legal contract for services with a Farm Labor Contractor will also be heard that day. The association has been opposing these bills and will continue to work with other organizations to stop these bills in the

legislative process.

Know a California Farmer - Let's get the word out!



Beginning this week the California Agricultural Communications Coalition (CACC) will host a weekly email to help farmers stay informed about key issues and events surrounding the industry. Our goal is to provide you with up-to-date information that will spur ideas about what to contribute on KnowACaliforniaFarmer.com. We'll also provide tips on extending the reach of your messages with social media tools and the best ways to engage consumers in productive dialog.

Brandon Souza will author these emails on behalf of the CACC. A native Californian, Brandon grew up on his family's farming operation in the Central Valley. Brandon is a graduate of Cal Poly, San Luis Obispo with a BS in Agricultural Business and has extensive experience in social media. He brings with him a passion to help farmers communicate positive messages about California agriculture.

All stakeholders in agriculture need to stand up and share stories about their family farms and ranches while responding to timely issues impacting our livelihood. Currently we are doing a great job rallying the troops among ourselves but now is the time to reach out to the broader audience of all consumers in California. **It's important to make sure we're a part of the conversation and not left defending misinformation.**

The first step in this effort is to share your videos, blogs and photos on KnowACaliforniaFarmer.com. We'll be able to use your content to create dialog with the media, urban audiences, households, nutritionists, mommy bloggers, educators and more! Working together we can provide a powerful voice for agriculture in the Golden State.

See the latest video below highlighting a California Family Farm:



Vessey Family.wmv