



California Association of Wheat Growers

Newsletter

February 24, 2017

**Thank you for your commitment to
the future of agriculture and our membership.**

Federal Policy Update

No Date Set for Perdue Confirmation Hearing; FDA Nominations Unknown

Despite being the least controversial cabinet nominee put forth so far by President Trump - support is strong on both sides of the aisle - former Georgia Gov. Sonny Perdue still doesn't have a date for his confirmation hearing before the Senate Agriculture Committee.

Committee Chair Pat Roberts (R, KS) said this week during a press conference prior to his panel's field hearing on the 2018 Farm Bill that "Sonny Perdue is just waiting," explaining the committee has still not received the paperwork package from the White House needed to proceed. The delay means Perdue, if confirmed as expected, won't see the inside of the USDA secretary's office until late March at the earliest.

Capitol Hill newsletter

Politico reports GOP Hill sources allege nominees for Trump's cabinet, diplomatic posts and judgeships are frustrated with delays and what they see as a lack of White House support, especially given fast food executive Andrew Puzder's recent withdrawal of his name to be secretary of labor. Puzder was replaced by Alexander Acosta, dean of the Florida International Law School, who would be the first Latino in Trump's cabinet, but is generally an unknown entity to regulated industry.

Critics contend the Administration must be closely engaged in nominations and confirmations to keep the process moving quickly and to avoid more Puzder situations. The White House says the blame goes to the Democrats who are blocking the process. No Democrat is blocking Perdue's nomination.

With the confirmation of Rep. Tom Price (R, GA) to be secretary of Health & Human Services (HHS), Trump's pick to be FDA commissioner remains unknown. Three names have circulated in the last month as possible nominees. The first would be a first - the head of a capital management company, rather than a physician or recognized scientist as has been the pattern for over 50 years.

Jim O'Neill, who works for Trump supporter Peter Thiel, co-founder of PayPal, held jobs in the Bush Administration Department of Health & Human Services (HHS) and Department of Education.

O'Neill, who has no scientific background or FDA experience, is countered by the heavy resume of Dr. Scott Gottlieb, now with the American Enterprise Institute (AEI), but formerly deputy FDA commissioner during the President George W. Bush administration. Gottlieb also advised former GOP presidential contenders, including Wisconsin Gov. Scott Walker, and is part of Trump's HHS transition team.

On the list as well is Joseph Gufo, a health sciences professor at Fairleigh Dickinson University and a big critic of FDA, focusing mainly on slow approval times that block research/development of new drugs, devices and treatments. Gufo is also highly critical of the agency's "mindset," which he contends is biased against new product development. Both O'Neill and Gufo's nominations are controversial within and without the FDA regulated industry.

Congressional Regulatory Rollback in High Gear

President Trump February 14 signed into law HJRes 41, action under the Congressional Review Act (CRA) that repeals a number of "burdensome" energy industry regulations implemented under Dodd-Frank. This was the first CRA action approved by Trump, followed this week by CRA action to nullify an SEC rule considered harmful to U.S. gas and oil companies in global markets.

On deck for presidential signature is CRA action repealing a Social Security Administration (SSA) rule for background checks on gun ownership. The House has passed 10 other CRA actions awaiting Senate action, most of which take down rules ranging from resource management planning to unemployment insurance drug testing, and rules to increase savings at the Department of Labor.

Trump Releases Immigration Enforcement "Guidances;" New Travel Ban Expected Next Week

The Trump White House this week released two "guidance memos" to be used by federal immigration officers and border control agents to arrest, detain and deport undocumented immigrants and illegal and legal immigrants with criminal records, according to reports. President Trump says his priority is on identifying, catching and deporting serious criminals. However, this recent action includes undocumented workers charged with crimes, and illegal workers who've committed acts that could lead to a "chargeable offense."

The president's executive order creating his controversial travel ban - targeted at seven predominantly Muslim nations in the Mideast and now snared in federal court - will be rewritten and reissued likely next week in an effort to avoid federal court intervention.

In a related development, however, Sen. Tom Cotton (R, AR) and Sen. David Perdue (R, GA) introduced legislation that would take a three-step approach to limiting legal immigration to approximately 500,000 people yearly. The two lawmakers would not touch the visa program for high-skilled workers, but would limit the number of "family-based" visas to spouses and unmarried minor children. The bill would also kill the "diversity lottery" in the visa program which is aimed at granting up to 50,000 visas to immigrants from countries with low levels of U.S. emigration. Lastly, the bill would cap the refugee program at 50,000.

The Trump immigration action comes on the heels of statements made in Idaho this week that the president's immigration enforcement moves may deal a "crippling blow" to the state's crop and dairy industry, and ultimately, the entire state economy.

"The economic vitality of rural Idaho stands on the shoulders of foreign-born laborers," said the executive director of the Idaho Dairyman's Assn., as quoted in the Idaho Statesman this week. He said immigrant workers in his state represent about 85% of 8,300 dairy operation employees. The largest immigrant group is Hispanics, who earned a reported \$1.1 billion in 2014, paying nearly \$85 million in taxes.

House Ag Clears Two Pesticide Bills

A bill to ease pesticide regulation and one to make registrations easier were approved this week by the House Agriculture Committee.

The first, HR 953 - Reducing Regulatory Burdens Act - once again "clarifies" what Congress meant when it regulated the who and where of pesticide use around waters. Going back to a 2009 federal court decision, certain pesticide use around waters was effectively required by the Obama EPA to be double permitted - once under FIFRA and again under NPDES. The bill would eliminate the NPDES permitting if the pesticide is FIFRA registered. This action has been taken five times by the House; the Senate has never taken up the issue.

HR 1029 - Pesticide Registration Enhancement Act - reauthorizes the Pesticide Registration Improvement Act (PRIA), to create a "more predictable" evaluation process for affected pesticides. PRIA links the collection of fees with specific decision review periods, and promotes a shorter review for lower-risk pesticides. The PRIA reauthorization - current programs expire in September - also carries fee adjustments, increases program transparency, encourages Good Laboratory Practices (GLP) and adds flexibility in how fees can be used.

How's That NAFTA "Renegotiation" Going?

If there's an area of Trump administration policy making both animal and plant agriculture nervous it's the president's evolving trade policy. Having killed off the Trans-Pacific Partnership (TPP), attention is now turning to the future of the North American Free Trade Agreement (NAFTA).

In a related development this week, 16 House Democrats released a "Blueprint for America's New Trade Policy," an effort led by Rep. Peter DeFazio (D, OR), designed to get Trump to go forward with a "thorough overhaul" of NAFTA. DeFazio included creation of a "limited free trade zone" with Mexico, where both sides of the border would have zones where big rig trailers could be handed off to domestic drivers. Others have called on Trump to create a "greener" NAFTA by including stronger environmental protections.

Trump slammed NAFTA as the "worst trade deal we've ever signed" during his White House bid. During a state visit to Washington this month by Canadian Prime Minister Justin Trudeau, Trump toned down his rhetoric, saying he and Trudeau emerged from their talks dedicated to "improving" NAFTA, but allowing changes to the U.S.-Canada portion of the deal will be "tweaks" and not a wholesale rewrite of the pact as many industries fear.

Trump later said "it's a much less severe situation (with Canada) than what's taking place on the southern border," prompting some to speculate the U.S. may try to break NAFTA into two bilateral deals, leaving Canada and Mexico to work out their own treaty.

However, this week the foreign ministers of Mexico and Canada said any discussions involving NAFTA will take place as three-nation discussions. "We very much recognize that NAFTA is a three-country agreement and were there to be negotiations, those would be three-way negotiations and we really value our partnership with Mexico there," said Canada's Freeland. Trade officials from all three nations said those who want to see talks begin by June, culminating by the end of 2017, will likely be disappointed.

And as a move to strengthen its leverage in upcoming talks on NAFTA, as well as Trump's open speculation about a 20% import tax on Mexican goods to finance the infamous "wall" along the southern border, Mexico this week said it is considering a ban on U.S. corn imports, which amounted to about 13 million metric tons in 2016. Mexico is the largest customer for U.S. corn.

Prior to Trudeau's visit, House Speaker Paul Ryan (R, WI) met with Canadian Foreign Minister Chrystia Freeland. "Minister Freeland and I share a common commitment to the U.S.-Canada relationship," said Ryan. "We can enhance these ties, including strengthening NATO and improving dairy market access." Rarely has Canadian dairy

market access been linked to international military defense of the Western Hemisphere, said one insider.

The next test of agriculture resolve will be Japan. Trump met with Prime Minister Shinzo Abe this month, emerging from that session talking about a bilateral trade deal with a key TPP player.

Branstad Says Ag Trade Priority in China Talks

Iowa Gov. Terry Branstad, President Trump's nominee as ambassador to China, says the chance of a trade war with China is slim, but the president wants to improve the treaties this country has signed, as well as boost relations with major customers like China where treaties don't yet exist.

Speaking to USDA's Outlook Conference this week, Branstad, who is not yet confirmed in his new post, said his priorities include being a major advocate for agricultural trade with China, emphasizing an end to China's beef import ban brought on by the U.S.'s single case of BSE in 2003. He also wants to see a speed up in biotech plant variety approvals by the Chinese, and elimination of a restriction on Chinese imports of dried distillers' grains.

Branstad said the Obama administration didn't focus enough on opening new markets for U.S. goods, but stopped short of commenting on any type of bilateral treaty the U.S. and China might work out. He added Vice President Mike Pence is also dedicated to removing global non-scientific barriers to food trade.

National Association of Wheat Growers

Senate Kicks Off Farm Bill Hearings in Kansas

Last Week the Senate Agriculture Committee held its first Farm Bill hearing in Manhattan, Kansas. Chairman Pat Roberts (R-KS) and Ranking Member Debbie Stabenow (D-MI) heard from 18 witnesses representing Kansas producer organizations, lenders, electric cooperatives, natural resource interests and other rural community representatives. This hearing marks the start of the Senate's official work toward the next Farm Bill. Kansas Association of Wheat Growers

President and NAWG board member Ken Wood testified on behalf of wheat growers at the hearing. In his testimony, Wood stressed the importance of a farm safety net, including crop insurance, farm programs, and the need to support trade and expand wheat exports. A similar hearing is expected to be held in Michigan later this spring. The House Agriculture Committee is continuing their Farm Bill oversight hearings with Subcommittee hearings this week focusing on International Market Development and Conservation Policy. Both of the Subcommittee hearings will be held on Tuesday, February, 28th.



NAWG Leaders Participate in Wheat Quality Council Annual Meeting

NAWG Vice President David Schemm and CEO Chandler Goule were in Kansas City last week, participating in the Wheat Quality Council Annual Meeting. Schemm joined other representatives of the wheat chain for a panel discussion on Wheat Innovation. Tim O'Connor, President of the Wheat Foods Council moderated the discussion that also included Brian Walker from Miller Milling Company, Charlie Moon from Flowers Foods and Brett Carver, a wheat breeder from Oklahoma State University. In his remarks, Schemm emphasized the need for farmers to get a return on the quality wheat they produce. Goule had the opportunity to update attendees about the National Wheat Foundation & NAWG's National Wheat Action Plan and efforts underway to improve productivity and profitability for wheat growers. The Wheat Quality Council supports the development of new wheat varieties that improve the value of wheat to all parties in the U.S. supply chain.

US Wheat Associates



Central and Southern Plains HRW is Generally Dry and Vulnerable to Frost Damage

By Stephanie Bryant-Erdmann, USW Market Analyst

USDA reported state planted area statistics for hard red winter (HRW), soft red winter (SRW) and soft white (SW) winter wheat in its [Jan. 12 Winter Wheat and Canola Seeding Report](#). At this week's [Wheat Quality Council](#) and [Plains Grains Inc.](#) board meetings in Kansas City, MO, however, HRW producers shared state updates of crop conditions, soil moisture conditions and planted area. A summary of what we learned from the producers supplemented with current USDA data by state follows.

[Colorado](#). Colorado farmers planted 891,000 hectares (2.20 million acres) of wheat in the fall of 2016, down 6 percent from 2015. Farmers reported that southeast Colorado planting conditions were very dry, but the rest of the state had ample moisture. According to USDA data, topsoil moisture is short or very short for 35 percent of the state, compared to just 22 percent short or very short at the same time last year. Subsoil moisture is 42 percent short or very short across the state compared to 23 percent last year. Farmers noted warm weather has pushed the crop 7 to 10 days ahead of normal across the state, which makes it more vulnerable to late frost damage. On Jan. 30, USDA rated 36 percent of Colorado winter wheat in good to excellent condition compared to 47 percent good to excellent when the wheat went into dormancy last fall.

[Kansas](#). Farmers reported western Kansas is very dry. Subsoil moisture is rated at 41 percent short or very short, compared to 22 percent last year. USDA rated 37 percent of topsoil moisture as short or very short, compared to 19 percent in 2016. Early planted wheat established good stands last fall, but later planted wheat condition is more uncertain. On Jan. 30, USDA rated 45 percent of winter wheat as good to excellent compared to 52 percent good to excellent reported on Nov. 28. Last fall, Kansas planted 3.00 million hectares (7.40 million acres), down 13 percent year over year and the lowest planted area in 60 years.

[Montana](#). Last fall, wet field conditions prevented some wheat planting in Montana. With a poor outlook for winter wheat prices, strong competition from peas and lentils shifted more acres in Montana. They planted 770,000 hectares (1.90 million acres) of wheat in 2016, down 16 percent from 2015. Farmers noted normal crop development and sufficient soil moisture, though some areas had below normal snow cover that increased the risk of winterkill. USDA rated topsoil moisture supplies at 13 percent short or very short, 77 percent adequate and 10 percent surplus, compared to 17 percent short or very short, 79 percent adequate and 4 percent surplus last year on the same date. On Jan. 30, USDA rated 70 percent of Montana winter wheat in good to excellent condition compared to 77 percent good to excellent when the wheat went into dormancy last fall.

[Nebraska](#). Farmers reported good stands last fall, but western Nebraska is dry. The last measurable precipitation for that region occurred on Christmas day. USDA rated subsoil moisture supplies at 31 percent short or very short, compared to 19 percent on the same date last year. Topsoil moisture supplies are 23 percent short or very short, compared to 14 percent last year. With wheat now 5 to 7 days ahead of normal, the Nebraska crop is also more vulnerable to late frost damage. USDA rated 47 percent of Nebraska winter wheat in good to excellent condition on Jan. 30, compared to 53 percent good to excellent last November prior to dormancy. Nebraska farmers planted 441,000 hectares (1.09 million acres) of wheat in 2016, down 20 percent from 2015 and the lowest planted area on record for Nebraska.

[Oklahoma](#). Most of Oklahoma received precipitation over the last few weeks that prevented further depletion of soil moisture, but it was insufficient to alleviate drought conditions. USDA rated topsoil moisture supplies at 38 percent short or very short compared to 60 percent short or very short last year. Subsoil moisture supplies are 56 percent short or very short, compared to 70 percent one year prior. Farmers noted wheat development is 12 days ahead of normal making it more vulnerable to late frost damage. Oklahoma farmers planted 1.82 million hectares (4.50 million acres) of wheat in 2016, down 10 percent from the prior year because late-season rain prevented some wheat planting. USDA rated 33 percent of Oklahoma winter wheat in good to excellent condition on Jan. 30, compared to 53 percent good to excellent when the wheat went into dormancy last fall.

[South Dakota](#). Beneficial moisture last fall allowed for good stand establishment in South Dakota. Abundant snow cover is protecting the wheat and limiting winterkill risk. Topsoil moisture supplies rated 84 percent adequate, compared to 79 percent adequate last year. Subsoil moisture supplies rated 23 percent short to very short, 76 percent adequate and 1 percent surplus compared to 26 percent short or very short, 72 percent adequate and 2 percent surplus in 2016. USDA rated 62 percent of South Dakota winter wheat in good to excellent condition compared to 51 percent good to excellent when the wheat went into dormancy last fall. South Dakota farmers planted 364,000 hectares (900,000 acres) of winter wheat, down 24 percent year over year.

[Texas](#). Last fall, Texas farmers planted 1.82 million hectares (4.50 million acres) of wheat, down 10 percent from the prior year in very dry field conditions. In the past two years, Texas planted wheat area has dropped by 20 percent. Early planted wheat emerged last fall, but the later planted wheat did not emerge until after beneficial precipitation fell in December. Farmers estimate the earlier planted wheat is 7 days ahead of normal development, while the later planted wheat is still emerging. USDA

reported 93 percent of winter wheat had emerged by Jan. 30. On Jan. 30, USDA rated 29 percent of Texas winter wheat in good to excellent condition compared to 41 percent good to excellent when the wheat went into dormancy last fall.

USDA will release its next crop progress update Feb. 28 and will resume weekly crop condition reporting April 3.

New Educational Website Explores Plant Breeding Innovation, Gene Editing

What is plant breeding innovation? What do plant breeders do? And what could the latest breeding techniques like gene editing mean for the future of agriculture and society? Find answers to these questions and more at seedinginnovation.org, a new educational resource developed by the [American Seed Trade Association](http://AmericanSeedTradeAssociation.org).

The plant breeding innovation website is a multimedia platform that houses "[Frequently Asked Questions](#)", a [blog](#), plant breeder profiles, [videos](#), one-page summaries and other resources about the evolution and future of plant breeding. Visit www.seedinginnovation.org and follow @Better_Seed on Facebook, Twitter and Instagram to learn more.

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