

Post-Election Update on Farm Bill and Federal Issues

Jon DeVaney

President, Washington State Tree Fruit Association

November 15, 2018



Election Results

- Democrats gain majority in the House of Representatives.
- Republicans expand their majority in the Senate.
- Republican moderates lost.
- Progressive candidates won.
- Both parties are more ideologically separate than ever.

What Did You Learn?

- The middle of the road is where you get run over.
- Compromise is viewed as surrender, you must vanquish your foes and get your way.



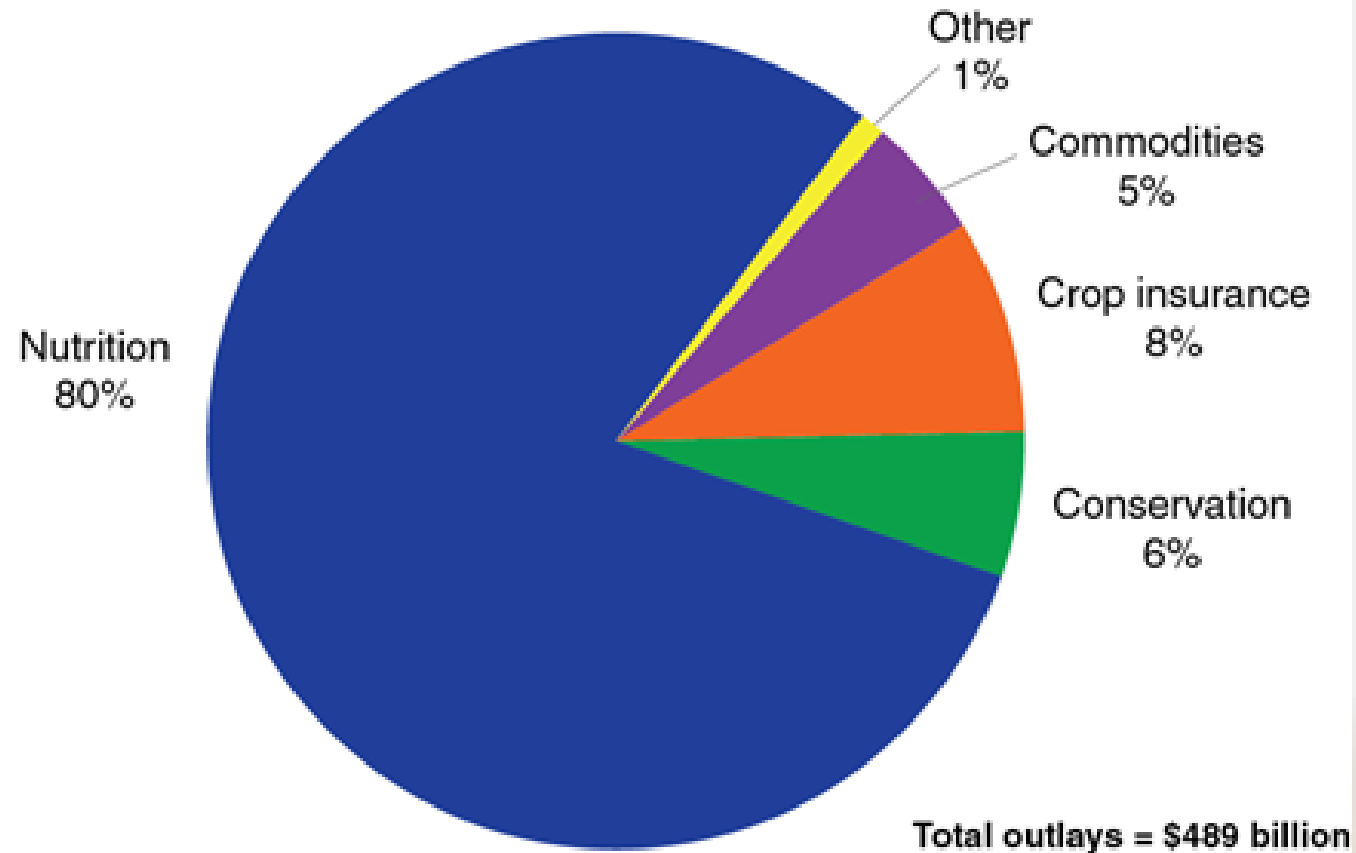
Unfinished Business

- 2014 Farm Bill expired in September of 2018.
- Programs will be unavailable if not reauthorized by the end of the calendar year.
- Already creating uncertainty for some growers who have to make financing and production decisions for 2019.



Farm Bill or Food Bill?

Projected outlays under the 2014 Farm Act, 2014-2018



Source: USDA Economic Research Service using data from Congressional Budget Office, Cost Estimates for the Agricultural Act of 2014, Jan 2014.

What's In It for Me?

- Specialty Crop Farm Bill Alliance Priorities:
 - Research
 - Trade
 - Pest and Disease
- No new money.

Research SCRI

- Specialty Crop Research Initiative (SCRI)
 - Provides grants to university and government research programs
 - Both House and Senate maintain current funding level of \$80 million per year.
 - \$25 million of this would continue to be set aside for Citrus Greening research in the House bill.
 - We have been seeking to have the citrus program funded over and above regular SCRI allocation.
 - Senate bill makes the citrus greening research an addition to the \$80 million.

Research SCBG

- The Specialty Crop Block Grant program provides funds to state departments of agriculture which then award grants for projects enhancing the competitiveness of specialty crops.
- Current funding at \$60 million per year.
- Both bills support the \$85 million sought by industry.

Clean Plant Network

- Clearing virus-free plant material for use by industry.
- Northwest Center at Prosser
 - Under financial pressure which limits amount of new material.
- Current funding level is just above \$5 million per year.
- SCFBA sought \$7.5 for next three years and then \$10 million.
- Both bills maintain current \$5 million funding level but as “not less than” within a larger \$75 million pest and disease account.

Trade Promotion

- Market Access Program has been at \$200 million since 2002.
 - NW Wine Promotion Coalition \$1,085,226
 - Wine Institute \$5,526,424
- Industry had sought to increase to \$400 million per year.
- Baseline issues for Technical Assistance for Specialty Crops program and Foreign Market Development Program.
- Both House and Senate bills maintain current funding levels for these programs and combine them to ensure future baseline with slight increase overall (\$1.5m House, \$6m Senate).

Oh SNAP!

- Farm Bill largely failed to pass before expiring due to conflict over the inclusion of a work and/or training requirement to receive SNAP benefits included in the House bill.
- Change of House control means some members more willing to cut a deal, and incoming Chairman Collin Peterson is eager to finish the farm bill before January.
- President Trump has indicated continued support for the work provision.
- Can they resolve this and about 40 other outstanding issues in the next two weeks?

International Trade Policy

- Does House change mean a more conciliatory trade policy?
- “The United States must take strong, smart and strategic action against China’s brazenly unfair trade policies. Yet, today’s announcement is merely a start, and the Trump Administration must do much more to fight for American workers and products.” Nancy Pelosi, March 22, 2018

USMCA

- The agreement formerly known as NAFTA.
 - Mostly status quo for specialty crops.
- A win for wine in BC!
 - US wines can now be on regular aisle shelves, not segregated.
- But will House Democrats send us back to the table?
 - Calls for more requirements on labor and environment.
- Aluminum and steel tariffs, and retaliatory tariffs, not tied to USMCA.

Starting Negotiations

- Trump Administration formally started negotiations on three FTAs in October:
 - United Kingdom
 - European Union
 - Japan

FSMA and Your Farm

- The Food Safety Modernization Act (FSMA) of 2011 directs the Food and Drug Administration (FDA) to draft science and risk-based regulations for food producers and processors, from the farm through transportation to consumers.
- Excludes produce not expected to be consumed raw, or which is intended for processing that includes a “kill” step.
- Wineries are still subject to requirements for training, record keeping and GMPs.

Exempt?

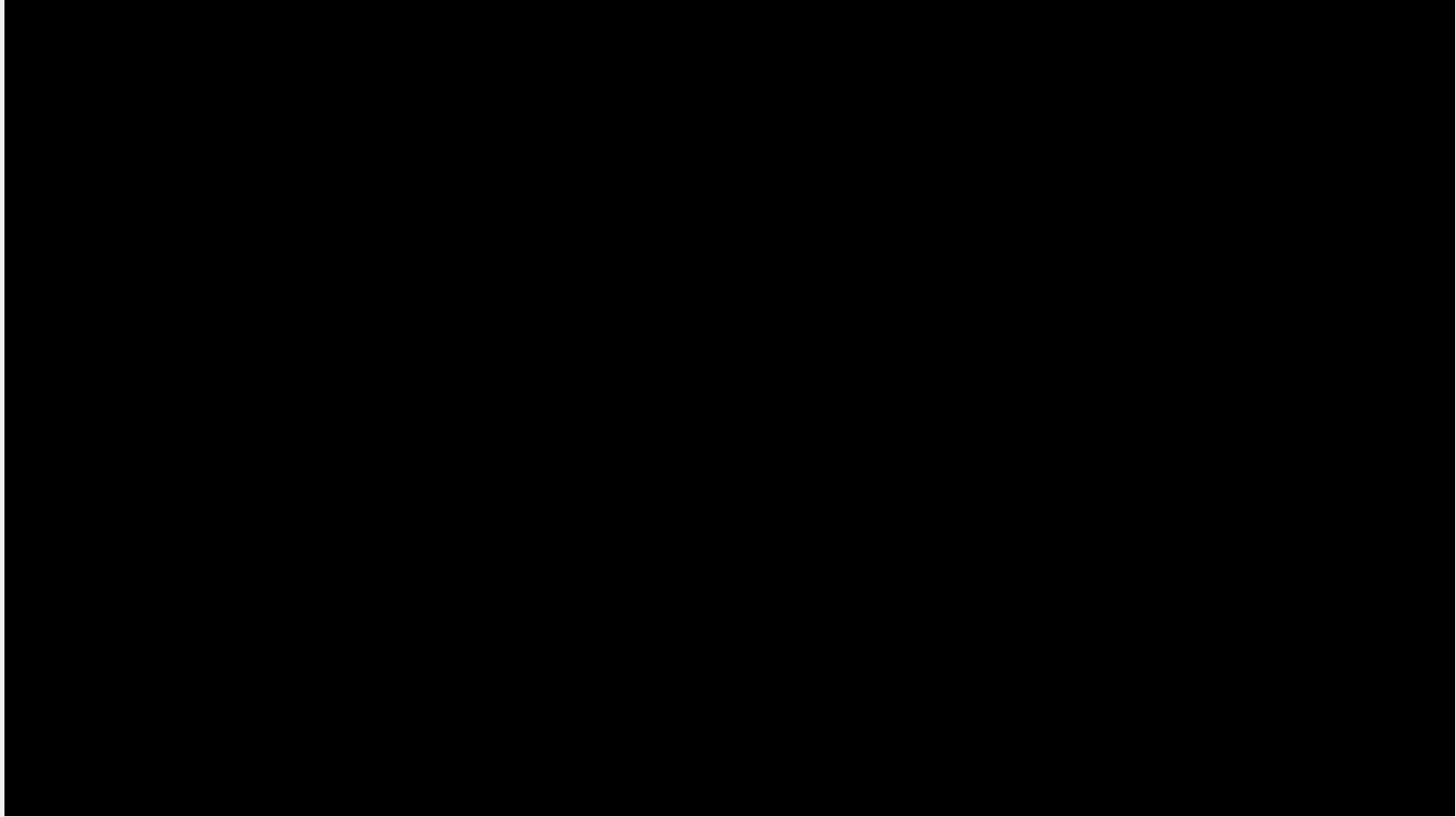
- FDA did not include wine grapes on the list of exempt products “rarely eaten raw.”
- Does exclude produce that is documented as being destined for processing with a kill step (wine making).
- This imposes a record keeping requirement on all wine grape growers to document the customer and end use.

Farm Requirements

- If you grow covered commodities you must still meet some key requirements, including:
 - Designated individual who has taken approved produce safety training.
 - Training of all farm and handling employees in hygiene practices.
 - Water testing requirement, being revisited, delayed until 2022.
- WSDA will be regulatory and training lead. FSMA inspections are not the same as processor inspections.
- No inspections before Spring 2019.

Training

- WSTFA has been working on training resources for tree fruit growers and packers.
- WSDA has identified these as valuable resources for other industries and will likely include in their trainings.
 - Food Safety in the Orchard
 - Hand Washing
 - Cross Contamination and Cross Contact
 - Hygienic Zones
- Jacqui Gordon Nunez, Jacqui@wstfa.org



Conclusion

- Expired programs and need for hurricane relief are strong incentives to complete work on the Farm Bill this year.
- Some positive developments on the trade policy front.
- Resources are available for food safety training.
- Reaching final agreements will be a challenge, as each party's base felt the election vindicated an uncompromising approach.
- Questions?