



California Association of Wheat Growers



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By Dennis Albiani, Legislative Advocate

Two Polls Promote Intrigue in California Politics

While national news focuses on the Russian probe and international political news highlights the recent elections in UK and France, two new polls begin to shine a light on the mood of Californians and make the 2018 election intriguing.



One poll focused on the Governor's race. A new poll of likely statewide voters suggests the upcoming contest to replace Gov. Jerry Brown could be a competitive one. Lt. Gov. Gavin Newsom continues to lead the race for California governor. However, he's now joined at the top of the list by fellow Democrat Antonio Villaraigosa. The former mayor of Los Angeles has pulled to within 5 percentage points of Newsom, 22 percent to 17 percent, according to the survey from UC Berkeley's Institute of Governmental Studies. The institute's March poll had Newsom at 28 percent and Villaraigosa at 11 percent, even though the contest has remained low-profile.

On the Republican side, the prospect of another candidate joining businessman John Cox has halved his share since March, from 18 percent to 9 percent. David Hadley, a former Assemblyman from Manhattan Beach considering a gubernatorial bid, came in at 8 percent. He was not included in the March survey. Rounding out the field of declared candidates are two Democrats, Treasurer John Chiang (5 percent), and former state schools superintendent Delaine Eastin (3 percent). More than 1 in 3 voters (37 percent) remained undecided.

The second poll was on the Governor's gas and vehicle registration tax. California voters overwhelmingly oppose a recent tax and fee package. The gas tax law which includes approximately \$5.2 billion annual tax increased and is indexed to inflation is so unpopular it could backfire on Democrats in upcoming elections.

More than half of California's registered voters oppose the new state law raising taxes on gas and vehicle registration fees. Fifty eight percent of voters oppose Senate Bill 1, including 39 percent who say they strongly reject the legislation. Only 35 percent favor the law, which raises taxes on gasoline and diesel and hikes vehicle registration fees to fix roads and highways.

Any legislator in a competitive district needs to be concerned. Assembly members Cervantes, Muratsuchi and Quirk-Silva, who all beat republican incumbents last fall will be targets. An early indicator for how the gas tax could play out in next year's legislative elections is the

pending recall effort of Democratic Senator Josh Newman in Southern California. Newman, a freshman lawmaker who supported the tax hike despite winning by fewer than 2,500 votes last fall, would stand before voters again if his opponents can gather enough signatures to put the recall on the ballot.

California Budget Negotiations Wind Down

Members of the budget conference committee and staff will be working through the weekend to finalize a budget that will need to be in print by June 12 to be passed by both houses of the legislature by June 15th, the Constitutional deadline. The budget has much status quo from last year but a few issues important to agriculture have been included in the conference committee and are looking positive for the final budget.

California Department of Food and Agriculture has Budget Change Proposals providing additional funding and staffing to implement laws passed by the legislature including:

- **SB 27** Animal antibiotics
- **SB 1383** Short lived Climate Pollutants including funding for Healthy Soils, Dairy Digesters and the SWEEP program. Additionally, \$250,000 will be available for a research project for manure management on small dairy farms.
- Animal labs receive authority and funding to construct the Turlock lab
- Asian Citrus Psyllid \$10 million
- Pierce's Disease \$5 million

The association is tracking all these actions as the final negotiations commence. It is important to note that the entire body and Governor must agree for these funding requests to come to fruition.

The California Association of Wheat Growers is a member of the National Association of Wheat Growers – the acting policy organization on behalf of 23 wheat producing states in the nation. The California association supports and provides feedback and direction to the National Association to advocate for California and US wheat growers.

House Committee on Agriculture Hearing Re: The Next Farm Bill; the Future of International Food Aid and Agricultural Development

On Wednesday, June 07, 2017, the House Committee on Agriculture [held a hearing](#) on food aid programs. Most notably, Ron Suppes, Kansas grower and former USW Chairman, testified on food aid and his recent trip to Tanzania where he saw programs that used wheat. The majority of his testimony focused on Food for Progress and monetization, two issues that other commodities have not testified on in the past but are important to the wheat industry. Additional panelists included Dr. Thomas Jayne, on behalf of the Farm Journal Foundation; Mr. Brian Schoeneman on behalf of USA Maritime; Ms. Navyn Salem, founder and CEO, Edesia Nutrition; and Ms. Margaret Schuler, Senior Vice President of the International Programs Group, World Vision.

While the panel was diverse, all delivered a similar message: the U.S. should continue to fund food aid programs. Witnesses assured the Committee that these programs put America first by supplying jobs, supporting farmers, and creating good relationships with other countries. One common question asked by Committee members was how these programs help countries become self-sufficient rather than reliant on aid. The speakers argued that U.S. food aid's true purpose is to stimulate economic growth and ultimately produce future trading partners. Specifically, Suppes responded “these people aren’t looking for charity, but rather for a way to build a better life for their families and communities.”

Read here NAWG and USW’s [press release](#) on the hearing.

Perdue on First Foreign Trip Pushes U.S.-Canada Dairy, Wheat, Wine Issues

Agriculture Secretary Sonny Perdue, on his first foreign trip this week to Toronto, told his Canadian counterpart, Agriculture & Agri-Food Minister Lawrence MacAulay, the U.S. wants long-standing and thorny dairy and wheat issues resolved before formal talks to modernize the North American Free Trade Agreement (NAFTA) begin.

Perdue, in Canada to talk NAFTA renegotiations framework, acknowledged his strategy is a long shot as Canada will likely use the two trade complaints to leverage its negotiating position with the U.S. and Mexico.

For dairy, it's all about Canada's Class 7 milk pricing scheme, a government program that ensures Canadian producers can price their milk lower than U.S. imports. Impacting primarily ultra-filtered milk produced in New York and Wisconsin, Perdue said the pricing program is an "unfair, underhanded circumvention of the WTO." Canadian dairy producers can overproduce and blend the higher-priced product with lower grade milk and solids on global markets, he said, pressuring world prices for milk powder produced and exported by U.S. producers.

In April, a 68-member bipartisan House group wrote to President Trump urging the U.S. to insist Canada comply with its NAFTA dairy trade commitments. President Trump publicly denounced the Class 7 pricing scheme, vowing the U.S. will fight it.

For wheat, it all revolves around the protectionist import policy that basically pushes high grade U.S. wheat to the bottom of the list – feed grade, product, lowest grade, poorest quality – when it enters Canada. Also on the list of discussion topics are "certain provincial wine issues," dealing mostly with sellers keeping U.S. wines in the back of the store, while displaying Canadian wines up front.

Ross Says January Best Time to Wrap Up NAFTA Rewrite

Completion of the U.S.-Mexico-Canada renegotiation of the North American Free Trade Agreement (NAFTA) would best occur in early January, says U.S. trade lead and Commerce Secretary Wilbur Ross, putting the final treaty in hand prior to Mexico's general and presidential elections and congressional elections in the U.S.

Ross said he wants to get the deal done as early in January as possible so Mexican election issues don't complicate that country's legislative approval of the final trade agreement.

Negotiations can't begin until mid-August when the 90-day congressional, industry and public consultation period ends. Ross said trade promotion authority – also known as “fast track” negotiating authority – needs to be reauthorized in early 2018.

USTR Wants Industry to Share NAFTA Negotiating Priorities

The Office of the U.S. Special Trade Representative (USTR) put out the call late last week for industry to share priorities for the renegotiation of the North American Free Trade Agreement (NAFTA). In addition, USTR will hold at least two “ag sector” meetings this month to talk negotiating priorities as part of its mandated consultation process.

The June 2 *Federal Register* notice says USTR wants written comments by June 12, and is looking to hold a public hearing in Washington, DC, June 27. USTR is also meeting with a number of business and industry groups during the name period, in addition to its open door policy. The grain industry and crop processing organizations are set to meet with USTR June 16, while livestock and poultry producer groups, feed and pet food interests are looking to sit down with USTR on June 19.

Areas on which USTR wants specific input include general negotiating objectives, economic costs and benefits of tariff changes, past experience under NAFTA “suggesting modifications,”

rules of origin, customs facilitation, regulatory barriers to trade, including sanitary and phytosanitary measures, investment issues, environmental and labor issues, and trade remedies.

Taking Land Out of CRP "Loses" Environmental Benefits: EWG

Putting land back into crop production to take advantage of increasing prices once a Conservation Reserve Program (CRP) contract expires leads to “lost” benefits, said the Environmental Working Group (EWG) this week in calling for long-term or permanent conservation easements as part of the 2018 Farm Bill.

EWG released a new report this week showing, it says, “how conservation easement programs are better for the environment and are better investments for taxpayers than CRP.” The report increases the attention being paid to possible CRP Farm Bill changes, a discussion which to date has focused on increasing the CRP cap. In the House, Agriculture Committee ranking member Rep. Collin Peterson (D, MN) has talked about taking the current 24-million-acre cap as high as 40 million acres. Sen. John Thune (R, SD), a member of the Senate Agriculture Committee, wants to see the CRP cap at 36 million acres, the level at which it was set pre-2014 Farm Bill.

CRP does provide conservation benefits, EWG said, but the benefits are lost as soon as the CRP contract expires and land is put back into production. From 2007-2014, 15.8 million acres dropped out of the CRP program and weren’t reenrolled. At the same time, only 6.7 million “new” acres were enrolled,” EWG reported, adding that 10-year CRP contracts cost the federal government \$7.3 billion to “rent.”

The environmental group said long-term and permanent easement programs have been successful as part of the Conservation Reserve Enhancement Program, a federal-state partnership on high priority projects, and as part of the Wetlands Reserve Easement option in the Agricultural Conservation Easement Program.
