



California Association of Wheat Growers

Newsletter

March 17, 2017

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

California Legislative Update

By Dennis Albiani, Legislative Advocate



Governor Brown Makes Water Board Appointments

The State Water Resources Control Board has become one of the most powerful and challenging entities in state government. This year there were two potential vacancies and the ag, water and environmental communities were working diligently to find appropriate candidates for the position. After months of consideration, vetting and review, the Governor finally settled on reappointing one member and finding a new suitable appointment.

Tam Doduc, 50, of Sacramento, has been reappointed to the State Water Resources Control Board, where she has served since 2005. Doduc served in several positions at the California Environmental Protection Agency from 2000 to 2005, including deputy secretary for environmental quality, assistant secretary for air and chemical programs, assistant secretary for agriculture and chemical programs and assistant secretary for technology certification. She was an air resources engineer at the California Air Resources Board from 1997 to 2000 and served as special assistant to the secretary at the California Environmental Protection Agency from 1995 to 1997 and from 1993 to 1994. Doduc was a water resources engineer at the State Water Resources Control Board from 1994 to 1995 and from 1989 to 1992. She has been a registered professional civil engineer since 1995. Doduc earned a Master of Business Administration degree from the University of California, Berkeley School of Business and a Master of Science degree in civil engineering from California State University, Sacramento.

Joaquin Esquivel, 34, of La Quinta, has been appointed to the State Water Resources Control Board. Esquivel has served as assistant secretary for federal water policy at the California Natural Resources Agency since 2015. He served in several positions in the Office of U.S. Senator Barbara Boxer from 2007 to 2015, including research assistant,

legislative aide and legislative assistant for water and agriculture issues, and director of information and technology. Esquivel was a center youth manager for Gay Associated Youth from 2002 to 2004.

Senate Budget Committee Begins Review of Water Proposals

This week the Senate Budget Committee initiated review of several budget issues pertaining to water and water quality. The proposals contained in the budget invest in local infrastructure as well as, Sustainable Groundwater Management and propose a significant increase in the dam safety program.

Specific budget issues reviewed include \$1.6 million San Joaquin River Quality Improvement Program which provides grants and matching funds to local agencies for agricultural drainage prevention.

The Dam Safety program requests appropriations totaling \$8.3 million General Fund, including: \$6.5 million as a General Fund loan to the Dam Safety Fund to support the following program enhancements: \$3 million for DWR's Division of Safety of Dams to conduct more extensive evaluations of appurtenance structures, such as spillways, gates, and outlets; and, \$3.5 million for DWR to review and approve required inundation maps and coordinate the review of emergency plans.

The Sustainable Groundwater Management Act (SGMA) implementation proposes to fund two related programs that total \$17.3 million: State Water Resources Control Board (SWRCB). \$2.3 million (\$750,000 ongoing and \$1.5 million on a one-time basis) from the Water Rights Fund and five additional positions to develop the SGMA reporting unit in order to implement enforcement and intervention requirements. SGMA requires SWRCB to intervene in groundwater basins that do not form local governance structures or develop sustainable plans. Department of Water Resources (DWR). \$15 million General Fund and 28.9 existing positions in 2017-18 (growing 54.1 positions in 2020-21) to continue and for DWR to assist in implementing the SGMA and support local agencies to achieve regional sustainability. Governor's budget proposes \$1 million from the Waste Discharge Permit Fund and 5 permanent positions to support ongoing regulatory efforts to protect sources of drinking water and reduce nitrate loading to groundwater from irrigated agriculture in California.

Federal Policy Update

Trump "America First" Budget Blueprint Cuts USDA Spending 21%; "DOA" on Hill



USDA's FY2018 discretionary spending would be slashed 21% and EPA would take a 31% cut - losing about 3,400 jobs - under President Trump's "America First" budget blueprint released this week. Across the board cuts in most other federal programs, including a 29% cut in State Department spending, would go to pay for a \$54-billion increase in Pentagon spending Trump promised during his presidential campaign.

Released this week is the "skinny" budget outline (www.budget.gov/budget), the White House said, with a detailed administration FY2018 budget proposal due later this spring. Voices from both sides of the aisle and on both sides of Capitol Hill publicly declared the Trump budget proposal "dead on arrival (DOA)." The President's budget proposal is usually used as a guide and a comparison to the spending packages worked out by appropriators.

"I welcome the President's blueprint for next year's budget, which turns the page from the last eight years," said House Speaker Paul Ryan (R, WI) in a statement pledging cooperation with Trump's goals. "I look forward to reviewing this with the Appropriations Committee and our entire conference."

Ironically - and cognizant of the DOA designation White House budget proposals routinely receive - a dozen ag producer groups this week sent letters to the House and Senate budget and appropriations committees asking that more money be allocated for FY2018 Farm Bill programs as farmers weather a 50% drop in net farm income. The letter is similar to a message sent to the same lawmakers March 1, by House Agriculture Committee Chair Mike Conaway (R, TX) and committee ranking member Rep. Collin Peterson (D, MN), reminding appropriators agriculture "gave at the office" when it sustained major cuts in the 2014 Farm Bill.

Also this week, 20 multinational food companies and trade associations asked the same lawmakers to pack extra money into the FY2018 spending package for FDA to implement the Food Safety Modernization Act (FSMA). "Our commitment to food safety is steadfast and we need a strong FDA as our partner to fully implement FSMA and to play its proper role in ensuring the safety of our nation's food supply," the companies wrote. Wal-Mart, Nestle USA, Coca-Cola, Costco, Mars and others signed the letter.

Trump would allocate \$17.9 billion in FY2018 USDA discretionary spending - monies not mandated by Congress to run various programs and fund offices. This is a \$4.7-billion or 21% decrease from the \$22.6 billion in current spending levels included in the FY2017 continuing resolution (CR) that expires next month. While the Food Safety &

Inspection Service (FSIS), food stamps and other federal nutrition programs, wildland fire programs and ag research would get full or near-full funding, cuts in statistical services, duplicative water and wastewater loan and grant programs, staffing for USDA Service Center Agencies, and elimination of the McGovern-Dole International Food for Education and Food for Peace programs are recommended. A bipartisan group of Senators signed a letter to Trump this week opposing any cuts to Food for Peace, despite its \$1.6-billion price tag in FY2016.

While quick to point out that funding for "critical drinking and wastewater infrastructure" spending is untouched, and some programs are increased, the White House recommends spending for EPA include elimination of the "Clean Power Plan, international climate change programs, climate change research and partnership programs and related efforts," for a savings of over \$100 million over FY2017. The budget outline "reins in Superfund administrative costs and emphasizes efficiencies, saving \$330 million a year." Further, the outline eliminates funding for regional programs, including the Great Lakes Restoration Initiative, the Chesapeake Bay and other geographic programs, with an estimated savings of \$427 million, returning these responsibilities to the states and local entities.

Several independent programs would lose all federal funding under Trump's plan, including the Chemical Safety Board; the Corporation for Public Broadcasting; the National Endowment for the Arts; the National Endowment for the Humanities; the Neighborhood Reinvestment Corp.; Overseas Private Investment Corp. (OPIC), and the U.S. Trade & Development Agency.

Perdue Gets March 23 Confirmation Hearing

After weeks of wondering how tough putting together ethics, finance and security documents for a former two-term governor could be, March 23 is the date for former Georgia Gov. Sonny Perdue's appearance before the Senate Agriculture Committee, according to a panel announcement this week.

Apparently the solution to Perdue's delayed paperwork was his eventual agreement to step down from leadership positions in several agribusiness companies he owns personally or in partnership.

The last remaining confirmation hearing to be scheduled is that of Florida law school dean Alexander Acosta to be secretary of labor. Acosta was nominated when Trump's first choice for labor secretary, Andrew Puzder, chief executive officer of CKE Restaurants, the parent company of Hardee's and Carl's Jr, withdrew his name from consideration.

It's all about trade...

Groups Talk Trade with NEC - White House National Economic Council Director Gary Cohn met with representatives of nearly a dozen national farm and crop production groups this week to talk trade. The U.S. withdrawal from the Trans-Pacific Partnership (TPP) and President Trump's pledge to "renegotiate" the North American Free Trade Agreement (NAFTA) have left ag leaders understandably nervous about the direction of Trump's trade policy.

Also attending the meeting were Ray Starling, newly named special presidential assistant for food, agriculture and trade, and Andrew Quinn, a newly named trade advisor.

The groups, which included the American Farm Bureau Federation (AFBF), along with the American Soybean Assn. (ASA), National Association of Wheat Growers (NAWG) and the National Corn Growers Assn. (NCGA), were assured by the White House representatives that food and agriculture were not being forgotten in trade policy discussions, and they were asked to submit recommendations.

Recommendations will likely be coordinated through the U.S. Food & Agriculture Dialogue for Trade, a coalition representing more than 150 trade associations and companies, including the American Feed Industry Assn. (AFIA) and the National Grain & Feed Assn. (NGFA). Some groups and companies will no doubt submit their own individual recommendations.

Lighthizer Breezes through Confirmation Hearing - Robert Lighthizer, President Trump's popular nominee to be U.S. Special Trade Representative (USTR), appeared before the Senate Finance Committee for his formal confirmation hearing this week, with panel Democrats a bit out sorts having not been consulted about the timing of the hearing and without resolution as to whether a Senate-approved waiver is needed by Lighthizer since he represented foreign governments as a civilian attorney. Pledging to prioritize agriculture exports, particularly with Japan, the former deputy USTR under President Bush, said he respects current policy, but doesn't close the door on changes and new directions. He stressed his commitment to "rigorously" enforcing existing trade deals. As to whether Lighthizer needs the Senate waiver to take the USTR post, Democrats are arguing he does, as they'd like to use the waiver bill to move miners' health benefits language. The White House this week, through the Department of Justice (DOJ), says no waiver is needed. Just before the hearing, the U.S. Food & Agriculture Dialogue for Trade, a coalition representing over 150 trade associations and companies, sent a letter to the committee calling for swift confirmation of the Lighthizer nomination.

NAFTA Talks Could Begin in June: Mexican Official - Talks among the U.S., Canada and Mexico aimed at modernizing the North American Free Trade Agreement (NAFTA) could begin as early as June, according to Mexican Economy Secretary Ildefonso Guajardo Villarreal after he emerged from a meeting this week with Secretary of

Commerce Wilbur Ross. At a joint press conference in Washington, DC, the two politicians were optimistic about rewriting parts of NAFTA, despite other border and immigration angst between the two nations. Federal trade promotion authority requires the president to inform Congress 90 days in advance of his/her intent to begin formal trade negotiations with another country. Ross said a letter to the Hill is expected to be sent in the "next couple of weeks." Both the U.S. and Mexico have begun informal talks with lawmakers and industry as to how best to improve NAFTA. Ross said, however, "it's a little premature to discuss what the exact negotiating points will be," adding NAFTA is a "very old agreement" that needs to be updated to reflect the current economies of the three North American nations.

U.S. Attends TPP Meeting in Chile - President Trump sent the U.S. ambassador to Chile, career diplomat Carol Perez, to attend a meeting of the 11 remaining Pacific Rim nations committed to the Trans-Pacific Partnership (TPP) agreement. The White House said Perez was attending the meeting to talk trade with the TPP nations, as well as with China and South Korea - non-TPP players - which also had representatives in Chile. The remaining TPP countries affirmed their dedication to the treaty, saying they will move forward without the U.S., a move which calmed the nerves of several major TPP players, including Australia. Japan also committed to pursuing the treaty, but has also signaled willingness to negotiate a bilateral deal with the U.S. The Pacific Alliance, a coalition of Mexico, Peru, Colombia and Chile, said it will use TPP as a model in negotiating other trade deals. China was in-country to push its Regional Comprehensive Economic Partnership, a deal among 16 countries seen as an alternative to TPP, but China remains a "non-player" in TPP talks. TPP will also be the subject of a sidebar meeting to be held during the May 20-21 Asia-Pacific Economic Cooperation forum in Hanoi, Vietnam.

U.S. Dairy in Mexico Talking Trade - With President Trump still talking about a 20% import tariff on Mexican exports to the U.S. to pay for the wall he wants to building along the southern border, and Mexico threatening to cut off U.S. corn purchases, temperatures between the two countries are running high as Mexico, the U.S. and Canada look to begin talks on modernizing the North American Free Trade Agreement (NAFTA). To ensure its trade relationship with Mexico remains intact - the southern neighbor represents the U.S.'s largest dairy export market with a value of \$1.2 billion in annual sales - leaders of the National Milk Producers Federation (NMPF), the U.S. Dairy Export Council (USDEC) and the International Dairy Foods Assn. (IDFA) arrived in Mexico City this week for talks while attending the annual Mexican Milk Producers Federation conference. The groups will also meet the Mexican secretary of agriculture to provide assurances the U.S. places a high priority on NAFTA. U.S. dairy is also nervous as Mexico talks with the European Union (EU) about updating their existing bilateral trade agreement, and contemplates new discussions with New Zealand over a possible bilateral trade treaty.

House Ag Panel Looks at Farm Bill Ag Research Title; Dairy, Livestock Get Hearings Next Week

As part of its ongoing series of listening sessions, the House Agriculture Committee this week held a subcommittee hearing on the importance of agricultural research in keeping U.S. agriculture competitive globally and capable of addressing world food needs.

Next week, the committee will hold March 21 nutrition subcommittee hearing on nutrition distribution programs, followed by a hearing before the livestock and foreign agriculture subcommittee on livestock producer perspectives on the next Farm Bill. On March 22, the full committee will take up dairy policy.

"The public-private partnership in agricultural research has allowed American agriculture to flourish over the last century, supplying...stable, abundant and affordable food," said subcommittee Chair Rodney Davies (R, IL). "Today we learned more about the benefits of investing in research. It is vital we invest in public agricultural research."

Glyphosate Not Carcinogen: EU Chemical Agency

The "is-it, isn't-it" battle over the alleged carcinogenicity of glyphosate, the primary ingredient in Monsanto's widely used Roundup herbicide, got one more vote in the "isn't" column this week when the European Chemicals Agency (ECA) announced the chemical is not cancer-causing. The assessment is expected to expedite glyphosate's European Union (EU) approval.

"The available scientific evidence did not meet the criteria to classify glyphosate as a carcinogen, as a mutagen or as toxic for reproduction," ECA's Committee for Risk Assessment determined. The panel did say the chemical can cause "serious eye damage" and can be "toxic to aquatic life." ECA stressed its assessment looked at the hazardous nature of glyphosate and does not "address the risks of exposure."

EPA is one step away from reaching the same conclusion, but critics contend the ECA "got it wrong," contending evaluators manipulated the system to reach its conclusion of no carcinogenicity. The International Agency for Research on Cancer (IARC) said in March, 2015, that glyphosate "probably causes cancer."

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