



2018

THE ALMOND CONFERENCE

WHAT'S HAPPENING IN D.C.?

ROOM 312-313 | DECEMBER 4, 2018



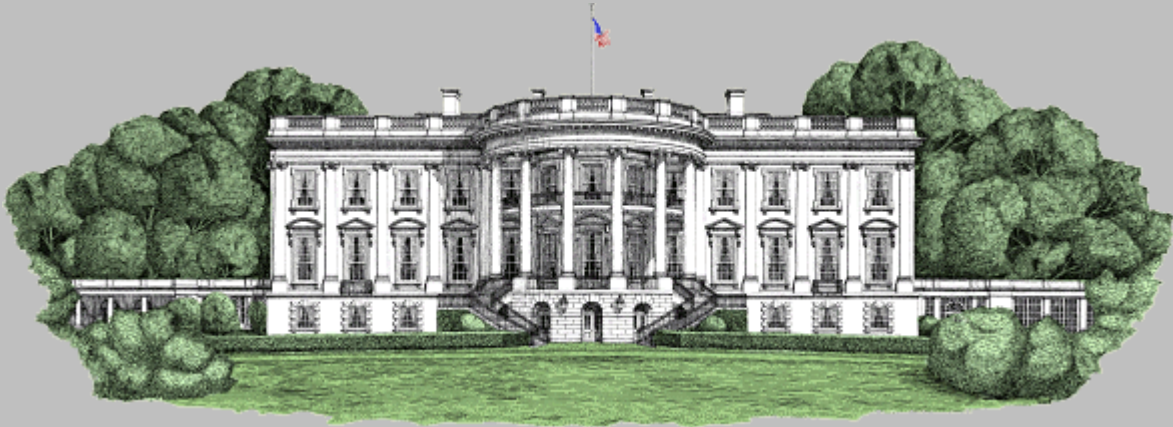
Continuing Education Units (CEU's)

- **What type of CEU's are offered at conference?**
 - Tuesday – Certified Crop Advisor (CCA)
 - Wednesday – Certified Crop Advisor (CCA)
 - Thursday – Certified Crop Advisor (CCA) and Department of Pesticide Regulations (DPR)
- **Where are the CEU sign in sheets?**
 - CEU sign in sheets will be in the back of each session
 - There are separate forms on Thursday for the CCA and DPR credits
- **Special instructions for Thursday**
 - PCA's will need to pick up their scantrons in the morning before the first session of the day. They will also need to return the scantron at the end of the day to the CEU booth. This is in addition to signing in and out of each session.

AGENDA

- **Julie Adams**, Almond Board of California, moderator
- **Dennis Nuxoll**, Western Growers Association





The View from Washington Prospects for 2019

Dennis Nuxoll
VP for Federal Affairs
Western Growers





Election Results

House control flipped to Democrats (Dems +38).

- Republicans losing seats was the expected result. The party that holds the White House always loses House seats in the midterm elections.
- This midterm however is the fourth largest amount of seats picked up since WW2. Clearly a blue wave.
- In California Democrats now hold 45 (Republicans 8) of the Congressional seats in the state.

Democrats also picked up 7 Governorships across the country.

That has implications for 2020 Presidential election (PA, MI & WI) as well as redistricting in 2022 after the next census.





Election Results

Senate control maintained by Republicans (53-47).

- This was the expected result. Democrats had 26 seats up for reelection- 10 in states Trump won. Republicans had 8 seats up- 1 in a state Clinton won.
- Republicans picked up 4 seats (ND, MO, IN and FL). Democrats picked up 2 (AZ and NV).

President's approval rating (avg of 4 polls) is at 42%. That's the lowest approval rating of any President since WW2 675 days into Presidency. President's approval rating has been below 50% since Feb 2017 one month after his swearing in.



Election

Implications

- Clearly the Administration can expect significantly more oversight than they had before.
- Executive branch driven policy will be more aggressively challenged; regulatory rollback efforts will be challenged
- Discussions over budget priorities will be contentious
- An area of compromise: Infrastructure?
- What about progress on immigration?
- What about trade policy?



Infrastructure

- **The Basics-** Rep. Peter DeFazio (D-OR), likely to chair the Transportation and Infrastructure Committee when Democrats assume the House majority next year, has a goal: producing a major infrastructure bill providing \$500 billion for highways and transit, plus additional funding for airports and water projects.
- Likely Speaker Pelosi in outlining Democrats objectives next year said that: “We will deliver a transformational investment in America’s infrastructure to create more good-paying jobs, rebuilding our roads, bridges, schools, water systems, broadband networks...housing and beyond.”
- **Trump’s View-** Trump ran on infrastructure in 2016. In February, Trump proposed what he said would be a \$1.5-trillion infrastructure investment plan. This infrastructure package largely relies upon private-sector dollars and state funding. Historically, infrastructure has been funded with 60-70-80% federal dollars with the remainder coming from state or local governments or the private sector. The Administration's plans would flip that model with the federal government becoming the minority funder.
- The President’s infrastructure concepts have not advanced beyond the proposal stage and although the President has launched several “infrastructure weeks” as a way to emphasize the need the Republican controlled House and Senate have not moved on his concepts.

Infrastructure



- Regardless of whether the President's efforts to date have been successful this area seems like an opportunity for cooperation. Marc Short, Trump's former White House legislative affairs director, said there is "[t]he president is always more receptive to the Democrat infrastructure plan. He had doubts about plans that his own White House produced. If Democrats can put together a plan, there are some people who say Republicans in the Senate wouldn't support it. I just don't think that is true."
- What would we want in an infrastructure package?
 - Water projects
 - Transportation priorities

Infrastructure

Water projects

- We must invest (and reinvest) in the Western water infrastructure necessary to meet current and future demands. Our existing water infrastructure in the West is aging and in need of rehabilitation. We need new water storage in order to adapt to a changing hydrology and develop usable and sustainable supplies to meet growing demands for water. We need to also address conveyance in any package. Failing to improve infrastructure and expand useable supplies will inevitably result in more conflict as pressure grows to 'solve' urban and environmental water problems by taking water from agriculture. Funding must consist of an expanded toolbox of loan programs that can finance projects at lower cost, innovative authorizations for public-private projects as well as traditional federal grant funding.
- Beyond funding we must also streamline the permitting process and realign regulatory agencies so that decisions on projects can be done in a timely manner (thus allowing construction to be expedited) as well as ensuring that water management policies improve.



Infrastructure



Transportation Priorities

- Obviously we support repairing bridges and roads
- More concretely the lack of qualified drivers is a chronic issue can we look at short term solutions around allowing more drivers at 18? Can we also think about federal policies to encourage automated trucking?



Immigration

- Fruit and vegetable production is labor dependent.
- Currently the US farm labor workforce is roughly 1 million people. Of that total more than 2/3 likely have questionable paperwork.
- Since 9/11 border security has increased dramatically and the flow of labor entering the US illegally has become virtually nonexistent.
- While the size of the H2A guest worker program has increased, that program is beset with delays and as structured it can not handle the load.
- Producers have seen work crews shrink in size year over year for the past decade. Now with economic recovery that trend has accelerated and is critical.

Immigration



- The President's rhetoric on issue has not been productive but court cases around ending the DACA program will likely force and drive action.
- 9th Circuit has made a ruling on the ability of the President to end DACA, 2nd and DC Circuits also will issue rulings on DACA. Once those decisions have been rendered then the Supreme Court will hear the case. The conclusion of that lawsuit will likely force Congress to act on Dreamers.
- There is no consensus on what a package might look like. Many Democrats may want to use this a spring board to comprehensive immigration reform. Hardline Republicans in Congress and within the Administration have for years been pushing for a package to include additional enforcement measures such as increased funding for detention facilities, more ICE funding, mandatory E-Verify, and even inclusion of proposals to reduce future legal immigration levels in exchange for helping Dreamers.
- For our sector an immigration deal must not only provide a new and better guest worker program but we also must deal with the workforce we have in the United States already. Deportation of that workforce means we go out of business.

Trade

Trump's View of Trade during the 2016 election-

- Stop the TPP.
- Renegotiating NAFTA (or walk away if we have to).
- Bring trade relief cases to the World Trade Organization.
- Label China a currency manipulator.
- Apply tariffs and duties to countries that cheat.
- Direct the Commerce Department to use all legal tools to respond to trade violations.
- Enter into no trade deal unless it increases our economic growth and strengthens our manufacturing base.
- Trade deals should be bilateral



Trade



- **President's Trade Policies to date-**
- US participation in TPP terminated. 11 TPP countries completed the agreement which goes into force Jan 1 2019. Combined GDP represents 10-15% of global GDP.
- Start negotiations with Mexico and Canada on NAFTA 2.0. Now 2 years later we appear to have a deal in place pending ratification.
- President has aggressively used US trade laws to punish China as well as other countries for 'unfair trade' practices. Objective for all these actions are not completely clear BUT rebalancing trade seems the general goal.
- China and other major trading partners have retaliated in kind to the US' actions
- Bilateral negotiations to start with Japan, EU and UK

Trade



- **NAFTA-** this fall the Administration announced a “deal” with Mexico and Canada.
- NAFTA 2.0 incorporates several TPP provisions into the agreement- SPS in particular is a priority area.
- Labor provisions in the agreement seem to be limited to automobiles BUT the agreement does encourage stronger unions in Mexico as well as child labor law enforcement. Those could impact ag labor in Mexico.
- We would like to resolve long-standing disputes over potatoes and stone fruit (MX) and bankruptcy protections (CAN). This was not done.
- NAFTA agreement has not removed trade retaliation between US- Mexico or US-Canada.
- NAFTA agreement requires ratification by Congress and maybe in trouble:
 - Democrats want to see stronger labor provisions in MX and are displeased that climate change/environmental issues were not addressed;
 - Republicans oppose LGBT protections that the Canadians inserted into the agreement.

Trade



- **Retaliation Situation-** During the course of 2018 the Administration has engaged in a series of trade maneuvers which have resulted in the United States raising tariffs on several categories of goods. In retaliation a number of countries have levied tariffs against American exports. The produce sector has been caught up in this tit-for-tat.
- UC Davis has conducted an analysis for the produce sector. Our industry conservatively faces \$3.3B in damages from the various potential tariffs levied against our goods. This damage assessment takes into account potential lost revenue due to lost export markets, as well as lost revenue as domestic prices fall due to oversupply.
- Administration's mitigation package is roughly \$600m in purchases and \$170m in direct payments- a fraction of the harm and only a one shot payment.
- President Trump and Chinese President Xi scheduled to meet in Argentina to break logjam around issues.

Farm Bill

Produce industry secures most of its benefit in the Farm Bill in a few places:

- Research Programs which include programs: Specialty Crop Block grants (typically small to moderate awards for short and medium term projects) and the Specialty Crop Research Initiative (higher value awards for projects more medium and long-term focused). Those programs are funded at \$85m and over \$70m a year.
- In addition, dedicated funding for Citrus Greening Research continues at \$25m.
- Organic research gets over \$35m/yr as well with produce accounting for over a third of all organic sales produce stands to do well there too.
- Crop Insurance- funding provided for research to determine how to modify citrus insurance to account for greening, pilots for nursery crops as well.
- Conservation- more money allocated fro EQIP, funding to address drought more creatively, more focused regional conservation
- Nitrates- Bill makes it easier to get USDA loans to undertake groundwater nitrate projects in CA



EPA



Trump EPA Pesticides accomplishments over the last two years:

- Chlorpyrifos
 - In March, 2017, EPA Administrator Pruitt denied a petition to ban chlorpyrifos which was carried over from a proposed regulation from the Obama Administration. Then in August, a panel of 9th Circuit Judges ordered the EPA to ban the use of chlorpyrifos ruling that “there was no justification for the EPA’s decision in its 2017 order to maintain a tolerance for chlorpyrifos in the face of scientific evidence that its residue on food causes neurodevelopmental damage to children.”
 - The EPA has asked the court to rehear the case but the appellate court has not yet made a decision on whether it will do so. Many growers rely on chlorpyrifos for crop protection and the administration is working to facilitate its continued availability.
- EPA Announced Changes to Dicamba Registration
 - On October 31, 2018, the EPA announced an extended registration of Dicamba for 2 years for “over-the-top” use to control weeds in fields for cotton and soybean plants genetically engineered to resist Dicamba. The extension includes label changes to ensure the products can continue to be used but will address potential concerns to surrounding plants and crops. Prior to this extension, states each had their own cutoff date when their use of Dicamba would no longer be allowed.
 - The EPA recognizes the value of Dicamba for weed control and hope the extension provides greater certainty for growers.

EPA



Trump EPA pesticide-related goals for next two years:

The EPA will propose changes to the Worker Protection Standard and Certification of Pesticide Applicators Rule in January.

- These proposed changes would include lowering the minimum age for pesticide applicators and farmworkers from the current 18 and revising a provision that allowed farmworkers to pick a “designated representative” to obtain pesticide use information on their behalf.
- It would also propose modifying rules for placing buffer zones around pesticide-spraying equipment to shield farmers from chemicals.

Thank you!



What's Next

Tuesday, December 4 at 3:00 p.m.

- What Will California's Change in Leadership Mean for the Almond Industry? – Room 312-313
- Maximizing Almond Quality and Shelf-Life – Room 306-307
- Almond Sustainability: Join The Journey! – Room 308-309
- Innovating Almonds for New Plant Protein Formulations – Room 314



**Join the social media
conversation at
[#AlmondConf](#)**

What's Next

Tuesday, December 4

- State of the Industry – Hall C at 4:15 p.m.

Be sure to join us at 5:30 p.m. in Hall A+B for Dedicated Trade Show Time and Opening Reception, sponsored by FMC Agricultural Solutions

The logo for FMC, consisting of the letters 'FMC' in a bold, red, sans-serif font. The 'F' is stylized with a horizontal bar extending to the left.