

AG ISSUES UPDATE

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April 2024

USApple Updates

Agriculture Labor Reform Efforts Continue

On March 28, Senator Michael Bennet (D-CO) along with several of his Democratic colleagues introduced the Affordable and Secure Food Act. Similar to the Farm Workforce Modernization Act (FWMA), the legislation includes many elements that we have been pushing for including AEW R relief. But some provisions supported by ag employers were not included as they had been when Bennet led efforts in 2022. To advance in the Senate, the bill will need to be bipartisan and that process will likely lead to additional improvements.

USApple continues to work with Democrats and Republicans to advocate for long term solutions like the FWMA well as shorter “band-aid” approaches such as an AEW R freeze. The Supporting Farms Operations Act was introduced earlier this year in the House by John Moolenaar (R-MI) and in the Senate by Mike Crapo (R-ID). It calls for a two-year wage freeze. Apple leaders advocated for all of these approaches during USApple’s Capitol Hill Day on March 19.

DOL Issues Final “Walkaround” Rule

On March 29, the Department of Labor’s Occupational Safety and Health Administration (OSHA) published the final rule allowing third parties to accompany OSHA inspectors on facility inspections. USApple submitted comments on the proposal back in November highlighting our concerns with the potential impact on employers and departure from legal precedent. The policy change is not specific to agriculture and was opposed by the broad business community as it seems to serve no purpose except to advance the unions. The rule will go into effect in late May.

USApple Discusses Apple Trade with European Union

USApple President & CEO, Jim Bair, met with Luis Carazo, the European Union Director General for International Agricultural Trade and other EU officials in the office of the EU in Washington, D.C. They discussed apple trade issues between the U.S. and the EU. In particular, the EU has for years attempted to achieve expedited ability to export to the U.S. apple market. USApple has worked to oppose those efforts especially since EU pesticide residue limits are set at levels unsupported by science and far below U.S. tolerances. Those EU residue limits preclude nearly all apple exports from the U.S.

The EU officials reiterated their desire for access to the U.S. market. Bair reminded them of the U.S. position, which is that EU access will be strongly opposed until the U.S. has equal access to the European market.

For example, the storage compound DPA has residue tolerances set by EPA at 10 parts per million (ppm). Conversely, the EU limit on DPA for apples is a miniscule 0.05 ppm, or 200 times less than the U.S.

Yet, 30 years of USDA testing on more than 7,700 samples show that 27% of the samples had zero detectable residues. The 'worst' sample ever tested in the U.S had only 5 ppm of DPA residues, still 100 times greater than the EU limits. We believe that is the definition of bureaucratic rules not grounded in sound science.

USDA Announces Updates WIC Package with More Fruits and Vegetables

The Women Infants and Children (WIC) program provides low-income pregnant women and young children up to five years old with a package of foods designed to address their specific nutrition needs. On April 9, USDA announced updates to the WIC package as is required by law every 10 years. This is to ensure the program reflects the current nutrition science, public health concerns and cultural eating patterns. The revised package increases the dollar amount designated for the purchase of fruits and vegetables. This is great news for the apple industry as apples are a widely available and commonly purchased item by WIC participants. This updated package also includes a decrease in the allocation for juice.

EWG Releases 2024 "Dirty Dozen" List

The Environmental Working Group (EWG) released its annual "Dirty Dozen" list last week. As expected, it includes apples. USApple Chairman, Steve Clement, is quoted in a CNN article about the list, where he does an excellent job humanizing the growers behind these products who put deep care into growing healthy produce – the same ones they feed to their own children. We coordinated with the Alliance for Food and Farming (AFF) to get Steve in front of the CNN reporter ahead of the Dirty Dozen release.

Please utilize USApple's Backgrounder on the list, outlining how it is flawed. You can also use content and information available at safefruitsandveggies.com.

Reminder: NRCS Funding Available for Environmental Improvements

As part of the Inflation Reduction Act, funding for various NRCS programs have been increased to help growers with environmental improvement projects and upgrades. Growers should reach out directly to their local NRCS office to find out what programs they qualify for and for assistance with applications.

Morning Ag Clips

Biden-Harris Administration Invests in Clean Energy and Fertilizer Production- March 28th, 2024

OMAHA, Neb. — U.S. Department of Agriculture (USDA) Secretary Tom Vilsack today announced that USDA is investing \$124 million in renewable energy and fertilizer production projects in 44 states to lower energy costs, generate new income and create jobs for U.S. farmers, ranchers, agricultural producers and rural small businesses.

The Secretary made the announcement during a visit to University of Nebraska Omaha, where he discussed USDA's efforts under the Biden-Harris Administration to invest in rural communities nationwide. Most of the projects announced today are being funded by President Biden's Inflation Reduction Act, the nation's largest-ever investment in combating the climate crisis, through the Rural Energy for America Program. An additional project is funded by the Fertilizer Production Expansion Program. In total, this funding advances the President's Investing in America agenda to grow the nation's economy from the middle out and bottom up by increasing competition in agricultural markets, lowering costs and expanding clean energy.

This visit comes just weeks after USDA selected Midwest Electric Cooperative, located in Grant, NE, and the Village of Emerson, NE as two of its first applicants to move forward in the awards process through the Powering Affordable Clean Energy program. Midwest Electric Cooperative will build solar renewable energy resource facilities and energy storage systems for the communities in Wallace, Grant, Paxton and Lakeview. The Village of Emerson plans to use the funds to finance a solar facility that will distribute clean energy to the Winnebago Tribe.

Rural Clean Energy Production

Today's announcement includes an investment of over \$120 million in 541 Rural Energy for America Program (REAP) projects across 44 states.

Through the REAP program, USDA provides grants and loans to help ag producers and rural small business owners expand their use of wind, solar and other forms of clean energy and make energy efficiency improvements. These innovations help them increase their income, grow their businesses, address climate change and lower energy costs.

The REAP program is part of the President's Justice40 Initiative, which set a goal to deliver 40% of the overall benefits of certain federal investments to disadvantaged communities that are marginalized by underinvestment and overburdened by pollution.

These investments will cut energy costs for farmers and ag producers that can instead be used to create jobs and new revenue streams for people in their communities. For example:

- In Nebraska, Darr Grain will install three 15-kilowatt (kW) wind turbines at a grain storage facility. This project is expected to save the business \$9,700 in electrical costs per year and generate more than 138,000 kilowatt hours (kWh) of electricity per year. This represents 77% of the company's energy use, which is enough to power nine homes.
- In Maine, Moorit Hill Farm will install a 40.95 kW roof mount solar system. The system will save the farm more than 50,000 kWh per year, which is equivalent to approximately 100% of the farm's energy use. This is enough clean energy to power nearly five homes, replace 50,000 pounds of burning coal, or replace approximately eight gasoline powered cars.
- In Idaho, Boulder Creek Oz will purchase and install a biomass furnace to provide additional heat to their cabins and mountain lodging facilities in Boundary County. This project is expected to save more than \$3,800 per year. It will replace more than 3,700 kWh, which is approximately 94% of the energy use per year.

USDA is making the REAP awards in Alabama, Alaska, Arkansas, California, Colorado, Connecticut, Delaware, Florida, Georgia, Hawaii, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, New Hampshire, New Jersey, New Mexico, North Carolina, North Dakota, Ohio, Oklahoma, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Utah, Vermont, Virginia, Washington, Wisconsin and Wyoming.

Since the start of the Biden-Harris Administration, USDA has invested more than \$1.8 billion through REAP in over 6,000 renewable energy and energy efficiency improvements that will help rural business owners' lower energy costs, generate new income, and strengthen their resiliency of operations.

USDA continues to accept REAP applications and will hold funding competitions quarterly through September 30, 2024. The funding includes a dedicated portion for underutilized renewable energy technologies. For additional information on application deadlines and submission details, see page 19239 of the March 31 Federal Register.

Domestic Fertilizer Production

Since the start of the Biden-Harris Administration, USDA has invested more than \$174 million through the Fertilizer Production Expansion Program (FPEP) to support 42 projects nationwide to boost domestic fertilizer production.

Today, USDA is providing nearly \$4 million in FPEP funding to Bluestem Systems to build facilities and purchase equipment at three locations in Iowa and Nebraska. The facilities will help the company make advancements in its innovative process to remove water and pathogens to create a dry fertilizer mix. The project is expected to yield 3,800 tons of dry fertilizer per year and 11,400 tons annually across all three facilities, which will be made available to 1,500 producers.

Through FPEP, USDA provides grants to independent farmers and agricultural business owners to help them produce fertilizer. Funds can be used to modernize equipment, adopt new technologies, build fertilizer production plants and more. This program helps boost domestic fertilizer production while lowering costs and creating new income streams for U.S. farmers.

Port of Baltimore Bridge Collapse Rattles Supply Chain Already Rocked by Troubles – *March 27th, 2024*

MISSOULA, Mont. (THE CONVERSATION) — The collapse of the Francis Scott Key Bridge on March 25, 2024, has put a spotlight on the Port of Baltimore, one of the busiest harbors in the U.S., which paused shipping and immediately halted all vessel traffic in and out.

The port remained open to trucks following the incident, but the loss of maritime traffic is expected to cost US\$9 million a day. The overall economic toll is likely to be higher as billions of dollars of goods are rerouted amid the prospect of supply chains being snarled for months. It will also mean a loss of tax revenue for the city and state.

The Conversation asked Simona Stan, a supply chain and logistics expert at the University of Montana, to explain the short- and long-term impacts of the crash on supply chains.

How important is the Port of Baltimore?

The Port of Baltimore is the ninth largest U.S. port by overall trade volume. In 2023 alone, it moved around 50 million tons of goods between the U.S. and other countries, much of it in large shipping containers, like those stacked on the ship that rammed into the bridge.

Although it's smaller than other ports on the East Coast and in the Gulf of Mexico, it still plays a critical role in processing U.S. international trade traffic. That's especially true for some products, such as automobiles, heavy machinery and coal. It also handles a large share of U.S. sugar imports.

What's the short-term impact of its closure on supply chains?

The immediate impact will be felt by the 15,000 or so workers in the port and about 140,000 others who depend on it. It doesn't mean they'll be laid off, but drastically less traffic would mean less work to go around.

Companies and consumers should expect some delays for packages that would have otherwise been processed by the port. How long depends on how much time it takes for ships to be rerouted to other terminals, but it should only add a matter of days or up to a week or two.

Baltimore accounts for only 4% of overall East Coast trade, so it shouldn't have a major impact. Dealers will probably experience some delays receiving imported cars and light trucks, but things should be resolved within days or weeks.

What's the long-term impact?

The problem is that supply chains have been under stress from multiple directions lately.

Houthi attacks on ships in the Red Sea and Panama Canal bottlenecks have lengthened delivery times and increased costs for companies that rely on East Coast ports.

The pause in maritime traffic at the Port of Baltimore adds one more point of pressure for trade in the region. This may lead more shippers that have a choice to send more freight through West Coast ports, which have not suffered much from the Red Sea attacks and Panama problems.

This could also mean more business for trucking and rail companies if it means they have to transport more goods from the West to East Coast.

How does this supply chain shock compare with other recent ones?

From a supply chain perspective, this was a freak accident. It's dramatic, it's graphic, and it forces people to pay attention to the issue.

But unlike the Red Sea attacks or the impact from the COVID-19 pandemic, which have led to lingering supply chain problems, fallout from the bridge collapse will be temporary.

That said, we'll likely see public pressure on companies to try to prevent such a thing from happening again – even though the risk of ships striking bridges is very low.

France's Senate Rejects Bill to Ratify EU-Canada Trade Deal Because of Farmers Concerns – *March 24th, 2024*

PARIS (AP) — France's Senate voted overwhelmingly Thursday to reject legislation to ratify a 2017 trade deal between the European Union and Canada that has been criticized by farmers as bringing unfair competition from abroad.

The EU-Canada Comprehensive Economic and Trade Agreement, or CETA, provisionally went into effect in September 2017 after all EU governments agreed to it, but its full implementation requires approval by each national parliament.

Thursday's 211-44 vote in the Senate does not necessarily mean that France ultimately will reject ratification.

The vote sends the bill back to the powerful National Assembly, which had approved it in 2019 and can still move to override the Senate rejection and give final approval to the measure.

But Macron's centrist alliance, which has advocated for the adoption of the CETA agreement, lost its majority at the lower house in 2022, making the outcome of a new vote uncertain.

If the Assembly should reject the legislation during its second vote, that would signal France's failure to ratify and could unravel the EU trade deal.

In the Senate, opposition from both the conservative majority and leftist legislators centered on concerns about shielding local farmers from what they consider unfair competition and protecting France's food sovereignty. The Assembly has not yet set a date to consider the legislation.

The ratification process across the European Union has been slow, with France and nine other EU countries, including Italy and Belgium, not yet giving their approval.

There have been significant increases in trade volume between the EU and Canada since the trade deal provisionally went into effect. From 2017 to 2023, trade between the two jumped by 51%, with French exports to Canada rising by 33%.

Despite these economic gains, CETA has faced criticism, including over its impact on European farmers and the environment. Critics argue it could undermine local agriculture and increase greenhouse gas emissions due to more transport of goods.

CETA aims to eventually eliminate nearly 99% of tariffs. It includes special recognition for certain European products like Agen prunes and Savoie reblochon.

The Senate's rejection pressures the National Assembly, which only narrowly passed CETA in 2019. If France or any other EU member state definitively rejects the treaty, it could unravel, affecting the parts of the agreement already in operation.

French senators' vote comes after farmers across France and Europe demonstrated on their tractors earlier this year in protests over low earnings, heavy regulation and what they call unfair competition from abroad, often criticizing free-trade agreements, including the CETA.

Proposals Sought for \$460,000 in PA Farm Bill Grants for High Priority Specialty Crops -*March 20th, 2024*

HARRISBURG, Pa. — **Agriculture Secretary Russell Redding** has invited proposals for \$460,000 in 2024 **Commonwealth Specialty Crop Block Grants** to stimulate market growth or boost the competitive position for high-priority crops. Hardwoods, honey, brewing grains, hemp, and flax are deemed top priorities for their potential to boost fast-growing ag sectors, feed Pennsylvania's economy, and increase environmental sustainability.

Funded in his 2023-24 budget with broad, bipartisan support, **Governor Josh Shapiro** has proposed funding these and other PA Farm Bill grants again in a 2024-25 in a budget that expands opportunities and spurs innovation in Pennsylvania's \$132.5 billion agriculture industry. Governor Shapiro's proposal also includes a \$10 million agriculture innovation fund that will help farmers modernize their businesses, not just to survive changes in markets and climate, but to grow and thrive.

"These grants are strategic investments in the future for Pennsylvania farmers," Secretary Redding said. "Pennsylvania hardwoods supply the world with high-quality building materials. Fiber hemp restores soil and is a growing source of sustainable construction materials, fabric, and plastics. Hops and brewing grains are critical ingredients for our booming craft brewing industry.

"Investing in these products feeds prosperity and progress in communities across Pennsylvania. Investing in our farm businesses and their capacity to grow, innovate, and feed a rapidly growing population — as Governor Shapiro has proposed in his 2023-24 budget — is how communities across Pennsylvania will prosper tomorrow."

Specialty crops eligible for Pennsylvania's grant program and deemed high-priority include hardwoods; honey; hemp and flax for fiber; and hops, barley, rye and wheat for brewing, distilling, and malting.

Also targeted for priority funding are crops not eligible for funding through the U.S. Department of Agriculture's Specialty Crop Block Grant Program, which the department administers for the federal government. The USDA program defines specialty crops as, "fruits, vegetables, tree nuts, dried fruits, horticulture, and nursery crops (including floriculture)."

A percentage of funds will be designated to projects serving urban and rural communities with at least 20% of their population living below the federal poverty line.

Past projects funded under the program include researching environmental impacts of hemp; teaching brewing-crop techniques; pest and disease control strategies for hemp and hardwoods; a honey and pollen diagnostics lab; and promoting careers in sustainable forestry.

Eligible applicants must submit a proposal describing how their project will enhance competitiveness or benefit Pennsylvania's growers, rather than an individual grower. Find more information, including a

proposal template, and map of previous recipients at agriculture.pa.gov/pafarmbill, under Commonwealth Specialty Crop Block Program.

Proposals must be submitted through the Department of Community and Economic Development's Electronic Single Application, and must be received by 5:00 p.m. on April 19, 2024.

Full grant guidelines can also be found in the March 2, 2024 Pennsylvania Bulletin