



California Association of Wheat Growers

Newsletter

December 23, 2011

Wishing A Merry Christmas to You and Yours!

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

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State Update

California's unemployment rate fell to 11.3 percent in November

Non agricultural jobs increased by 6,600 during the month for a total gain of 211,400 jobs since January, according to data released December 16 by the California Employment Development Department. The U.S. unemployment rate also fell in November to 8.6 percent.

In October, California's unemployment rate was 11.7 percent. In November 2010, the unemployment rate was 12.5 percent. Californians holding non-farm jobs totaled 14,170,100 in November. The number of unemployed Californians was just over 2 million - down by 64,000 from October and 212,000 compared with November 2010.

The unemployment rate is calculated based on a federal survey of 5,500 California households. A larger survey of 42,000 businesses that is less variable statistically shows a year-over-year increase of 233,100 jobs, up 1.7 percent.

Governor Brown Makes Appointment to the ALRB

Earlier this week, Governor Brown appointed Herbert "Bert" Mason to the Agricultural Labor Relations Board, where he previously served from 1999 to 2002. Mason is a professor emeritus at CSU, Fresno, where he taught from 1983 to 2010. Mason received his doctorate in agricultural economics from the University of California, Davis. In his previous stint on the board, Mason was known as a moderate voice attempting to achieve balance on these contentious issues.

Brown Appoints EDD Director

Pamela Harris has been appointed director at the California Employment Development Department. Harris has served as acting director at the California Employment Development Department since 2009, where she worked in multiple positions since 1979. She was assistant secretary for research and evaluation and acting agency information officer at the California Labor and Workforce Development Agency from 2002 to 2004. The EDD manages the states job training programs and the formulas that determine unemployment rate in regions throughout California.

From NAWG

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### **"Megabus" Funding Bill Done, Late Deal on Payroll Tax Holiday**

Most lawmakers are headed home for the winter holidays after finalizing funding for the federal government through September.

The spending bill, which was passed by the House on Friday and the Senate on Saturday, is being called a "megabus" because it combines most but not all of the 12 regular appropriations bills, totaling more than \$900 billion.

It was the last piece of work Congress was required to finish before breaking for the year, with a continuing resolution funding the government expiring last Friday.

Shortly before press time, it appeared the leadership of both Congressional chambers and President Barack Obama had also coalesced around a plan to extend expiring payroll tax holiday provisions for two months pending a longer-term extension after the first of the year. This had been a major point of contention that kept some House Members in town until late in the week.

Despite this dispute, passage of a long-term spending bill is encouraging ahead of a year expected to be heavy on both priorities and politicking before the 2012 elections.

Of note to the agriculture community, the megabus bill included \$1.17 billion allocated for food security and agricultural development work through the State Department and the U.S. Agency for International Development (USAID), some of which should go to international wheat and maize research organization CIMMYT. The World Bank's Global Agriculture and Food Security Program was funded at \$135 million. Both of these are particular achievements in the current budget

environment for important international work.

Related to trade policy, the bill did not include a proposed rider that would have reversed recent policy changes for Cuba travel, which at one point was a major roadblock for the measure's passage.

However, the bill also did not include language from H.R. 872 or another legislative fix for new and duplicative pesticide permitting requirements that emanate from a 2009 Sixth Circuit Court ruling. Work will continue to resolve this issue as quickly as possible in the new-year.

Funding for USDA programs was not a part of the megabus bill, having been approved in November as part of a smaller appropriations and continuing resolution measure.

That bill funded USDA agencies and programs at \$136.6 billion, a reduction of \$4.6 billion from the Obama Administration's request. Discretionary spending made up \$19.8 billion of the total, \$350 million below last year's level and \$2.5 billion below the Administration's request.

Agricultural research programs took a hit in the bill, though conferees avoided the draconian cuts included in the House-passed appropriations measure.

The agriculture appropriations measure provided \$2.297 billion for the National Institute on Food and Agriculture (NIFA) and the Agricultural Research Service (ARS), which is approximately \$12 million below the Senate level and \$282 million above the House.

The Senate's number for ARS prevailed, with the bill ultimately providing \$1.095 billion, down from \$1.133 billion in FY2011. The House had proposed a funding level of \$995.3 million, which would have represented a cut of more than 12 percent.

That bill's conference committee largely rejected House-level cuts to conservation programs and fully funded both the Market Access Program (MAP) and the Foreign Market Development (FMD) program, which are key to the wheat industry's marketing work around the world.

## **From U.S. Wheat: A Productive Year for Trade Policy Action**

Tyler Jameson  
Assistant Director of Policy  
U.S. Wheat Associates

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In addition to U.S. Wheat Associates' work helping public and private wheat buyers get the most value possible from U.S. wheat imports, the U.S. wheat industry advocates for trade policies that support open and fair competition. Looking back on 2011, several trade policy achievements hold the promise of an even more rewarding year in 2012 for wheat buyers and producers.

Perhaps most important, the United States ratified three **free trade agreements with Colombia, South Korea and Panama** that add value to the partnership with U.S. wheat farmers. Swift implementation of these three important agreements will ensure that customers in these countries are no longer subject to tariffs on U.S. wheat imports.

Negotiations on the **Trans-Pacific Partnership (TPP)** gained momentum this year. Several countries - most notably Japan - expressed interest in joining the nine current TPP negotiating countries. Details of the agreement are taking shape and, after a successful Asia Pacific Economic Cooperation meeting, there is hope for a final agreement in 2012. Once complete, the TPP will help lower tariffs and other trade barriers facing U.S. wheat and help improve economic opportunity for each member country.

While progress in the **World Trade Organization (WTO) Doha Round** in 2011 was slow at best, the WTO remains a useful organization for the international trading system. USW fully supports the fundamental objective of the Doha Round to improve the trading prospects of developing countries. Last month, Director-General Pascal Lamy told WTO members that "in a context of greater economic uncertainty and rising global risks, it is all the more important that the process of global trade opening continues."

U.S. wheat importers made record use of the **USDA's GSM-102 Export Credit Guarantee Program**. GSM-102 provides credit guarantees to encourage financing of commercial exports of U.S. agricultural products, while providing competitive credit terms to buyers, especially in developing countries.

Finally, in the face of critical budget challenges, the U.S. Congress has agreed to maintain full funding of the **Market Access Program (MAP) and Foreign Market Development (FMD)** programs for fiscal year 2012. We believe that is because these programs provide an excellent return to U.S. farmers and their overseas customers. USW and the entire U.S. wheat industry will continue advocating for MAP and FMD so that we can continue offering the trade service, technical assistance and market information on which our customers rely.

More about wheat industry trade priorities is at www.wheatworld.org/trade and <http://www.uswheat.org/whatWeDo/tradePolicy>.

Ethanol, Biodiesel, Energy Tax Breaks Set to Expire December 31; RFA Defends RFS

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Without congressional action in the next 10 days, federal blenders' tax credits for all ethanol, all biodiesel and other biofuels will expire December 31, setting off a replay of 2010 when Congress failed to extend over 1,000 federal tax credits for business and individuals and eventually extended them retroactive for nearly a full year. However, there are those who contend if a deal is cut on the payroll tax break extension, and given a package of tax extenders has been circulating among key staff, Congress could opt to do simple extensions of several tax breaks. Corn-based ethanol is not considered a candidate for this extension possibility. However, failing any extension action, the tax extenders will be likely part of more comprehensive tax reform slated for 2012. Meanwhile, the Renewable Fuels Assn. (RFA), still stinging from a recent call to Capitol Hill by ag groups for hearings on the Renewable Fuels Standard's impact on the economy, sent a letter this week to EPA urging the agency to issue its volume requirements under the RFS for 2012 as soon as possible given the agency missed its November 30 deadline for notifying blenders and others. RFA wants the numbers immediately, an explanation of why the agency has delayed and for it to provide guidance to the industry on how to operate until the final rule is published.

## **Supreme Court to Review Arizona Immigration Law**

The U.S. Supreme Court announced it will review Arizona's controversial immigration enforcement law, a law that led to similar laws being enacted in several states, particularly those with heavy immigrant populations. It's expected the high court will hear arguments in April on a U.S. Court of Appeals for the 9<sup>th</sup> Circuit decision that blocked many of the Arizona law's toughest provisions including making it a state crime to be in the country illegally, failing to register with the federal government, making it illegal to work when not authorized, requiring state and local officials to try and determine the citizenship status of arrested persons and allowing the warrantless arrest of anyone deemed with probable cause to have violated the law. The Obama Administration has been fighting the law, which Arizona officials contend is necessary because the federal government is not doing its job keeping illegals out of the country.

## **Good News, Bad News for Monsanto GE Crop Varieties**

USDA this week announced it has deregulated Monsanto's Vistive Gold soybeans, genetically engineered to contain about 60% less monosaturated fatty acids than conventional soybeans. However, Monsanto's "stewardship" of a corn hybrid designed to ward off certain rootworms was questioned by EPA. The company already has low-linolenic acid soybeans on the market, but the company says the new generation extend fry life for restaurants using the soybean oil and are more stable at high temperatures than either conventional soybean oil or its already-marketed Vistive varieties. On the rootworm corn variety, EPA sent Monsanto a memo on November 22, saying its scientists recommend the company expand its monitoring program because rootworms were "suspected" in four midwestern states, an indicator the insects have or are developing resistance to the corn variety. Monsanto responded that it continues to work with farmers and continues to take reports on the performance of its corn rootworm products, and works with producers on adoption of integrated pest management practices.

## **Artisanal Wheat On the Rise**

### **Giving factory flour the heave-ho, small farmers from New England to the Northwest are growing long-forgotten varieties of wheat**

By: Jerry Adler, *Smithsonian.com*

Under the warm August sun, the wiry, lushly bearded farmer moves at a slow walk through the field, swinging his scythe in a steady rhythm, the tawny stalks of wheat falling to one side in neat rows. From time to time he pauses to hone his curved steel blade on the stone he keeps in a belt pouch. He is followed by three or four young women, who gather the felled stalks by the armload, picking out the stems of mayweed and ragweed, tying the wheat into sheaves, and standing up the sheaves into shocks that will dry and ripen in the sun until they in turn are assembled into circular head-high ricks that will resist the autumn rains until the time to bring the harvest indoors for threshing.

Civilization began like this, as acknowledged in Genesis with the Lord's decree that "in the sweat of thy face shalt thou eat bread," and thus it was until the invention of the mechanical harvester and the combine. Then a vast monoculture of wheat spread across much of the land, abetted by railroads and chain supermarkets, bequeathing unto the nation bread untouched by human hands from the moment the seed goes into the ground until the loaf is unwrapped and the slice anointed

with peanut butter. That the scythe-wielding farmer is seeking to reverse 150 years of industrial history is an act of, at the very least, hubris. That he is attempting to do it in the foothills of the Berkshire Mountains on an acre of heavy, cold soil containing a limitless supply of stones to menace his blade seems to border on madness.

But there's something about wheat. It speaks to the American soul like no other crop, even much more valuable ones, which is most of them. Find a penny from before 1959, and what you see on the reverse are two iconic stems of wheat, not a bunch of arugula. "Man does not live by salad alone," says the Berkshire farmer, Tevis Robertson-Goldberg of Chesterfield, Massachusetts. "He needs croutons, too." In growing grain where it has not been grown in living memory, Robertson-Goldberg is pushing the boundaries of locavorism, the national movement that obsessively tracks the miles covered in every calorie's journey from earth to mouth, combining elements of environmentalism, survivalism, nutritional fanaticism, common sense and food snobbery.



Read more: <http://www.smithsonianmag.com/people-places/Artisanal-Wheat-On-the-Rise.html#ixzz1hNxlwFWa>