



AT THE CAPITOL

Providing One Voice for Blue Diamond Almond Growers

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BlueDiamondGrowers.com

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Blue Diamond Grower Zach Reinstein, CEO Mark Jansen, Congressman Doug Lamalfa, Young Leader Claire Brumley and Blue Diamond advocate Julian Heron in Washington, D.C.

WASHINGTON

Throughout 2016, Blue Diamond federal advocates remained dedicated to fighting for grower interests and providing a voice for Blue Diamond almonds in Washington, D.C.

A tumultuous and unprecedented November election resulted in the election of Donald Trump as the new President of the United States and the Republican Party gaining control of both houses of Congress. This year, Blue Diamond's focus will be educating the new administration and members of Congress on the issues critical to our cooperative. Below is a recap of the second half of 2016 and a few of our priorities as we move into the New Year.

Water

Water continued to be the major focus throughout the year. Congressmen David Valadao, Devin Nunes, Jeff Denham, Jim Costa and John Garamendi worked in concert with Majority Leader Kevin McCarthy and Senator Dianne Feinstein to secure passage of the Water Bill through both the House and Senate. The strategy employed by the majority leader worked perfectly and secured the bipartisan passage of the bill despite the best efforts of Senator Barbara Boxer to defeat it. The Water Bill, known as the Water Infrastructure Improvements for the Nation Act, was signed



Director of Corporate Communications, Alicia Rockwell with Congressman Jim Costa and former CIA Director and US Defense Secretary Leon Panetta.

by former President Obama. The passage of this bill could help the incoming administration provide more water for California agriculture by increasing the pumping of water to farms and cities in the San Joaquin Valley. The bill signified a win for the industry amidst a continuing and longstanding struggle for our state's water issues.

Farm Bill 2018

The Farm Bill is a policy tool used to promote and assist agriculture and to provide food to the needy. Passed by Congress approximately every five years, farm bills greatly impact and affect international trade, crop insurance and more. The most recent farm bill, the Agricultural Act of 2014, will expire in 2018 and at such time, a new bill will be necessary. Our Blue Diamond team is engaged and working with a broad coalition of industry members in preparation for this bill. The Farm Bill allows Blue Diamond to qualify for programs that directly benefit the cooperative. These programs include the Marketing Order, the Crop Insurance Program, the Market Access Program (MAP) and the Value-Added Grant Program (VAGP), to name a few.

Trade

TPP AND TTIP

Trade allows the cooperative to market almonds and continually provide a competitive return to our growers. Both the **Trans-Pacific Partnership (TPP)** and **Transatlantic Trade and Investment Partnership (TTIP)** regions represent large markets for Blue Diamond Growers. This past year, your advocacy team was heavily engaged with the Obama administration to encourage the negotiation and passage of these crucial trade deals.

Shortly after his inauguration, President Trump signed an order to begin the process to withdraw the U.S. from the deal. The **TPP** would have allowed increased market access for Blue Diamond with the elimination of duties on almonds in all TPP countries immediately or within a few years. The TPP also provided access to more than 480 million consumers and could have increased fruit and nut exports by \$562 million.



Blue Diamond hosted a roundtable for House Speaker Paul Ryan and Congressman Jeff Denham at Blue Diamond's Salida facility in October.

The negotiations of **TTIP**, a trade deal between the United States and the European Union, have been suspended for now. It is unknown when they will resume and in what form. However, when they do, we will be closely involved.

As this year progresses, our team will be actively engaged with the new administration, reminding them of the importance of international trade to Blue Diamond and encouraging trade agreements that provide increased market access for California almonds.

INDIA

The effort to reduce the duty on almonds in India continues. India is a very large market for Blue Diamond almonds and has been since we opened that market. Reducing the duty is necessary because of the wide-spread smuggling of almonds into India from Pakistan. These smuggled almonds have a competitive advantage because they do not pay any duty and, therefore, are sold at a cheaper price. Fortunately, the Indian government has recognized this problem and is investigating it at the border.

AUSTRALIA'S TRADE AGREEMENTS WITH CHINA AND JAPAN

Although California dominates the global almond market, Australia continues to carry a competitive advantage in China and Japan. Australia has separate trade agreements within these countries, which gives Australia a duty advantage over U.S. almonds. A strong effort is being made by your federal advocates to eliminate the disparity between the duty for Australia and the U.S. within China and Japan, both of which have tremendous market opportunity if the duties were to be eliminated.

Immigration Reform

Ensuring that our growers have a stable and legal workforce to harvest their crops and work on their farms remains a top priority going into 2017. The message that agriculture is more complex and has different labor requirements is slowly being accepted. This new year brings an opportunity to educate and make progress on this difficult and emotional issue.

CALIFORNIA

Last year marked the first full year in which our state advocates joined the Blue Diamond team to fight for grower interests in Sacramento. It was a challenging year with more than 1,000 bills reaching the Governor's desk and 900 signed into law. November saw the election of a super-majority of Democrats in the Legislature at the very time the Republican Party swept Congress and the White House. The election results and the surrounding hostility culminated in perhaps the strongest ideological gap in memory between state elected leaders and the incoming federal administration. Below you will find what we anticipate to be issues for 2017 and what your Blue Diamond advocates accomplished in 2016.

Water

Water continues to be a focus at the state level even as Northern California received record levels of rainfall in November and December and the federal government passed the Water Infrastructure Improvements for the Nation Act. The Blue Diamond state advocacy team worked to achieve support from state legislators to bolster support for the federal water bill from their federal colleagues. As the year progresses, we expect water to continue to be a dominant subject in California government as it was in 2016.

GROUNDWATER

Last year, a bill (**SB 1317**) was amended to undermine the Sustainable Groundwater

Management Act's (SGMA) local governance and add additional requirements to effectively prevent new groundwater wells. After a strong lobbying effort, the bill was killed in the Assembly Water Committee. Our state advocacy team is on the lookout for additional bills that aim to weaken SGMA and restrict groundwater use.

WATER USE IN FOOD PROCESSING

After significant lobbying, a bill was defeated that would have provided unprecedented disclosure about water use in commercial operations, including commercial food operations. This could have shamed businesses into reducing their water uses in these facilities regardless of regulation compliance. Additionally, local agencies already monitor and fine businesses for water conservation violations.

WATER REDUCTION MANDATE

In November, the State Water Resources Control Board (SWRCB) released the proposed water reduction regulations for 2017. Fortunately, this water reduction plan did not extend the reduction mandate to agricultural users.

UNIMPAIRED FLOWS

Among first topics up for discussion in 2017 are the San Joaquin Valley Water Flows. The SWRCB held several workshops on San Joaquin Delta Flow. This plan could increase flows in the San Joaquin river by 20 to 40 percent, decreasing the water allocation to cities and farms in the upper delta regions and have an enormous impact on north San Joaquin Valley farmers. Public comment for the proposal ended January 17 and farm groups have opposed and mobilized significant opposition. Additionally, several state legislators – Senators Galgiani, Berryhill, Cannella and Assemblymember Adam Gray – weighed-in to protect access to water for agriculture. A decision is expected by summer 2017.



Blue Diamond's PAC event in Modesto hears from Senator Cathleen Galgiani.

WATER QUALITY

The Governor and legislative leaders have expressed great interest in the water quality issues which have emerged in some communities. The administration has been working with agricultural and industry stakeholders to discuss the potential of a water fee that would fund water quality improvement and availability for at risk communities. Farm interests have pushed that such a fee provide important immunity protections for agriculture and that agriculture not be the only stakeholder to pay increased fees for water quality improvements. Our Blue Diamond state advocacy team will continue to work with association counterparts (i.e., CFBF, Ag Council, and Almond Alliance) to support the farm group positions on these issues.

Product Regulation

It remains critically important to protect the reputation and marketability of Blue Diamond products worldwide. In the past year, there was a substantial risk that a new one-size-fits all state standard for how products must be labeled could have required Blue Diamond products to be labeled as exposing consumers to carcinogens and reproductive harm, even though these products do not contain chemicals that would warrant these warnings. Our advocacy team worked with state officials to distinguish between those products that have targeted ingredients and those that do not in order to protect the well-earned reputation of Blue Diamond products.

Pesticide Limitations

SB 1282 would have required labeling of seeds and plants that have been treated with neonicotinoids, which fight pests that transmit serious diseases to agricultural commodities. This bill was introduced under the false idea that if passed it would promote bee health. While Blue Diamond promotes the healthy existence of pollinators and is committed to solving the issue of declining bee populations, we believe it must be done through an evidence-backed, comprehensive approach. **AB 2596** was another successfully defeated bill that banned the use of rodenticides, thereby making agricultural facilities susceptible to rodents. If passed these bills could have become new models for banning or labeling for pesticides frequently used for agricultural purposes.



Former
Assemblymember
Kristen Olsen speaks
to Blue Diamond's
PAC event.

The goal of the Blue Diamond public affairs team is to use At The Capitol to keep you informed and engaged with your cooperative's advocacy efforts.

As our team works with some of the more urban legislators in Sacramento and those in Washington D.C., who are pursuing legislation impacting our vital industry, any feedback we receive from our growers that can help illustrate the demands and hardships facing the industry today (water shortages, labor, climate change, crop pricing etc.) would be extremely beneficial.

We encourage your questions and support, please contact:

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