



AT THE CAPITOL

Providing One Voice for Blue Diamond Almond Growers

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BlueDiamondGrowers.com

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Hundreds, including farmers and community leaders, gather at the State Capitol for the Water Rally held in opposition to the State Water Resources Control Boards Bay Delta Plan.

WASHINGTON

The first half of the year was hectic in Washington. However, Blue Diamond continues to be engaged on many issues on the Hill as the federal arena is ever-changing. As the end of the year draws near, mid-term elections will occur in November and legislators will be spending more time in their districts. Below is an update on your cooperative's advocacy efforts this Spring and Summer, and what we intend to focus on as the year comes to a close.

Trade

Trade continues to be a high priority for Blue Diamond. China and Turkey have all increased tariffs on almonds in response to the U.S. increase of duties on steel and aluminum. China increased tariffs on almonds from 10 percent to 50 percent. Not only have these tariffs impacted sales to Hong Kong and Vietnam, but have also provided competitor countries an opportunity to increase sales to China. The President has now announced additional duties on Chinese imports, which will likely cause China to again increase duties on almond imports.

India announced duty increases on almonds but indicated that it will not implement duties until November 2. Blue Diamond is working closely with the office of USTR on the tariff issues.



USDA Secretary of Agriculture Sonny Perdue and Congressman Jeff Denham with Blue Diamond's Alicia Rockwell and Mel Machado.

Because of the targeted tariffs, USDA announced it will provide \$12 billion in assistance for agriculture. Three programs were identified as vehicles to disburse funds to farmers and ranchers who have been negatively impacted by the trade dispute. Almonds were not originally included in the first program, the Market Facilitation Program, which was allocated the most funds. However, with the Almond Alliance's leadership and the industry's collaborative effort, almonds will now be included in the direct payment program. This would also not have been possible without the hard work of Congressman Jeff Denham and Majority Leader Kevin McCarthy. Almonds will also be eligible for the third program which will provide funds to bolster exports in other markets.

The Blue Diamond growers who engaged the White House, the USDA Secretary and their congressional representatives were very noticed and effective. Thank you for voicing your concerns. Your engagement was crucial in the cooperative's advocacy efforts.

Farm Bill

Despite a hard-fought effort by Congress, a 2018 Farm Bill has yet to be completed. Both the House and Senate have passed two versions of the bill, but it is now in conference where they must resolve differences and agree on one bill. The lead congressional members in charge of negotiations are hoping to reach an agreement by the end of the year. Blue Diamond's efforts during conference are focused on securing increased funding for the Market Access Program (MAP), which helps promote almond sales in export markets, and exclude the Dairy Pride Act from the bill.

Labeling

The dairy industry continues its all-out efforts to prohibit the use of the word "milk" on non-animal-based products. Blue Diamond and other plant-based foods have been heavily involved on this issue. The dairy industry was successful in getting North Carolina to pass labeling legislation. In July, the Food and Drug Administration announced it will review the content and enforcement of milk labeling. Your cooperative will be participating in this discussion with the plant-based food industry as it progresses.

Immigration

The need for a legal workforce continues. Earlier this year, the Senate did not consider an immigration bill and in June, the House rejected two immigration bills. It is unlikely that Congress will address this issue before the November elections, but Blue Diamond will be watching closely for any immigration legislation. As legislators look to solve the issue, it is crucial that any E-Verify program is coupled with a guest worker program that will work for California.

Water

Addressing the water issue continues to be top of mind for California congressional members. New legislation has been presented and Blue Diamond is engaged and monitoring the pending bills. In July, Secretary of Interior Ryan Zinke visited California to discuss water and water storage, signaling the administration's interest. Your cooperative was able to participate in the discussion with Secretary Zinke and will continue to be involved in any future discussions.

CALIFORNIA

This year marks the end of the two-year legislative cycle for California. From January through August there was no shortage of bills nor regulatory decisions. Blue Diamond was engaged throughout — working with our industry associations, fostering relationships with elected officials, and discussing high priority issues. In November, Californians will select its new governor and decide if Democrats will maintain or increase the supermajority in both houses. As the 2018 year winds down, your Blue Diamond Sacramento advocacy team will be monitoring the regulatory arena while preparing for a new administration and legislative members to take office.

Water

As expected, water was a hot topic in California this year. Efforts to address the need for safe and affordable drinking water and a limitation on agricultural liability, remained a priority for the industry and the administration. The collaborative effort to pass **SB 844 & SB 845 (Monning)** ultimately failed when not enough votes were gathered to hear the bill package. While all the major agricultural organizations supported the bill, individual legislators, including some from agricultural-heavy districts

and water districts, opposed additional fees on consumers. Thankfully, during the discussion, a sustainable funding source was identified to ensure safe drinking water in the future. Additionally, \$25 million for clean-up was earmarked in the budget and the Assembly Speaker appointed a bi-partisan legislative task force which includes Senator Bill Monning (D), Assembly Members Eduardo Garcia (D) and Heath Flora (R) to lead efforts next year.

In July, the State Water Resources Control Board released the Bay Delta Plan Update for the lower San Joaquin River and southern Delta. The plan proposed that dams release 40 percent of the unimpaired flows from February through June for fish and wildlife beneficial use and salinity control. Blue Diamond has been engaged in conversations with the greater agricultural community, water districts and the key decision makers to push for alternate Voluntary Settlement Agreements that would have a more reasonable 'flow' mandate. The board has postponed its vote to allow for such negotiations to take place, though it is expected a plan will be adopted by the end of the year.

There has been positive movement on the water storage front, as \$816 million in Proposition 1 funding has been allocated to the construction of the Sites Reservoir in Northern California. If built as envisioned, the project would be responsible for more than 60 percent of additional water storage statewide. The Temperance Flat dam on the San Joaquin River received \$171 million in state funding.

Environmental and Air Quality

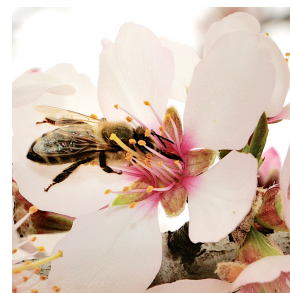
In 2017, various agricultural groups were successful in the negotiation of the Cap-and-Trade program to secure funding for agriculture. As a result, the industry was

provided \$300 million to be used for various climate and air programs. Two of these programs, the FARMER and Food Processing Investments program (FPIP), were rolled out this summer. The FARMER program allocates \$135 million to farmers to purchase cleaner burning agriculture equipment and vehicles. The FPIP provides \$60 million to food processing facilities for energy efficiency projects. In June, the legislature passed an expenditure plan containing \$304 million for agriculture for 2018–2019, which includes both the FARMER and FPIP.

During the year, the almond industry was very engaged in legislation to secure more opportunities for biomass. Your cooperative supported **AB 2208 (Aguilar-Curry)**, which would have integrated more grid-balancing renewables in California's Renewable Portfolio Standard such as biomass, providing an economical avenue for growers to rid of agricultural waste and turn it into energy. While this bill did not make it to the finish line, the mandating of biomass procurement contracts was approved in the final wildfire legislative package.

Lastly, **SB 100 (De Leon)**, a bill that requires electricity to be 100% greenhouse gas free by 2045 and 60% renewable by 2030 was passed and signed by the governor. Increasing such a mandate will hopefully allow for an increase in biomass procurement as well.

Bees



The almond and bee industries united together and successfully secured \$1.9 million of funding for the California Department of Food and Agriculture's new Bee Safe Program. The program, which began July 1, was created to promote

and protect a safe, healthy food supply for bees, address apiary theft, increase forage habitat, reduce pesticide exposure and provide funds for enforcement of existing laws.



Pictured from left to right: Board Director John Monroe, Young Leader Malin Petz, Congressman David Valadao, Young Leader Lauren LaGrande, and Board Director Kent Stenderup.



California Assemblyman Heath Flora with Blue Diamond's Christine Ivory.



United States Chief Agricultural Negotiator Greg Doud and members of Blue Diamond's leadership team.

Product Tax, Packaging and Labeling

As predicted, the Legislature produced several bills targeting packaging, labeling, and snack and sugar taxes this session. Your cooperative was able to avoid much of the harmful legislation. A bill requiring sugar-sweetened beverages to have a specific label was killed during the final weeks of session in August. Although almond milk was exempt, the bill set a precedent for future legislation on the topic. **AB 2632 (Santiago)**, which was passed and signed by the governor, will ease liability on slack fill requirements further protecting food manufacturers' ability to produce food products.

Lastly, the Legislature passed a bill that bans a local government from imposing a tax on a grocery item (including soda or sugar) until year 2030.

Crop Protection

Ensuring our growers have the necessary tools to produce almonds is paramount. Fortunately, the industry was able to prevent harmful legislation on pesticide use this year. **AB 2422 (Bloom)** would have banned all pesticides containing an anticoagulant, leaving California with very few alternatives, but the bill died in committee.

In the regulatory sphere, California continues its attempt to offset the federal administration's regulation roll backs. This summer, the U.S. appeals court ordered the EPA to ban chlorpyrifos. This comes after the Trump administration attempted to reverse the Obama administration's plan to implement a ban on the pesticide. As the state and the country navigate this situation, your cooperative will be engaged and keep our grower-owners apprised of any new developments.

Labor

While other bills targeted at the agriculture workforce were kept at bay, **AB 2751 (Stone)** passed, requiring the Agricultural Labor Relations Board (ALRB) to process all decision with monetary remedies owed to employees within one year of finding of liability. The bill was sponsored by the United Farm Workers to address extreme delays in enforcement of ALRB Decisions. The Governor signed the bill late September.

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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