

A report prepared by the

CFBF Farm Crisis Task Force  
April 2001



CALIFORNIA FARM BUREAU FEDERATION

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## CALIFORNIA'S FARM CRISIS

California's farm economy is hurting. Most farmers and ranchers are caught in a severe cost-price squeeze. The problems have been developing for several years, even as the state's general economy was booming. The financial position of many farms is seriously weakened and some face bankruptcy. The problems are especially acute for selected commodities and regions.

Prices for many of the state's farm commodities are at or below the break-even point. Some prices received are at 20-year lows while input costs are all-time highs. California has always relied on its diversity to weather economic problems, banking on a promising new crop or spreading risks over several crops. But lately, few of the state's 250-plus commodities are faring well. With even modest increases in production, a surge in foreign imports or a drop in demand, prices have fallen sharply.

***“It is the sum total of problems that is really hurting California agriculture—the strong U.S. dollar, foreign agricultural subsidies and dumping actions, skyrocketing energy costs and the ever-increasing burden of regulatory costs. Together these factors have had a devastating impact on our state’s farm producers.”***

*Bill Pauli, CFBF president*

Rural communities are vitally dependent on agriculture for jobs, sales revenues and tax base. For most rural communities agriculture is the hub of economic activity. Agriculture generates nearly nine percent of California's jobs in production, transportation, processing and marketing. The health of the state's farm economy is vital to the state and the nation. California produces nearly half of the nation's fruits and vegetables.

There are a number of social values associated with California agriculture that add to its importance---coveted open space and associated wildlife and habitat benefits. Seventy-eight percent of wildlife species occupy private lands with over 90 percent of all listed species relying partially on private lands for their survival.

Agriculture has always thrived on its sense of optimism. That positive outlook is the key to overcoming weather, disease and price problems. But due to mounting problems, California agriculture faces a crisis in confidence. There is growing uneasiness about unfair foreign competition, burdensome regulations and shrinking water supplies. Without a sense of optimism, it's hard to convince the next generation of family farmers to commit themselves to a future in agriculture.

Many factors contribute to today's economic problems. As a result, there are no single answers or quick fixes.

**CALIFORNIA FARM BUREAU FEDERATION**

**FARM CRISIS TASK FORCE**

**CFBF Officers**

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**Doug Mosebar**

Paul Wenger

**Farm Bureau Volunteers**

**Mike Cox**

**Allan Price**

**Cindy Domenigoni**

**Victor Tognazzini**

**Craig Pedersen**

**Kerry Whitson**

**Paul Betancourt**

**Anthony Botelho**

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Stacy Gore

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**Lake, Mendocino**

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Shasta, Siskiyou, Tehama, Trinity

**Rural Health Department**

YF&R Committee

U.C. Cooperative Extension

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*Mission Statement: Farm Bureau's goal is to improve California's farm economy and strengthen the state's long-term competitiveness in the United States and world agricultural markets.*  
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## **FARM CRISIS TASK FORCE REPORT**

This past January, the California Farm Bureau Federation (CFBF) formed a Farm Crisis Task Force to examine steps the organization can take to deal with the economic problems. The Task Force held three meetings to examine the issues and offer solutions. The committee highlighted several priority areas, including: energy, establishing a safety net for financially stressed commodities, trade, public awareness programs, water, taxes and regulatory reform. The committee's recommendations follow:

## ENERGY

Agriculture is energy intensive. Timely, continuous and affordable energy supplies are vital to California agriculture, just as the cost of energy is crucial to agriculture's bottom line. With animals and perishable crops there is little room for error and limited means to pass along added costs.

### **Electricity**

In the summer months, with heavy irrigation demands, crop harvesting and cooling, agriculture uses 15 percent of the state's electrical supplies compared with 5-6 percent during non-summer periods. Many facilities operate around the clock. The demands of animals and maturing crops require continuous supplies of electricity. Producers face crop or animal losses if prolonged outages occur:

- On hot summer days, animals and greenhouse plants need a steady flow of cool air for survival.
- During the peak of summer, many farmers operate their irrigation pumps continuously. During hot spells it is especially critical to maintain irrigation schedules. Gravity flow irrigation systems are labor intensive. A loss of power will require complete re-sets which will cause irrigation delays and higher costs. Interruptions in irrigation cycles could cause serious crop losses.
- Timely and continuous refrigeration is required to cool milk and remove the heat from harvested fruits and vegetables.
- Continuous supplies of electricity are critical for timely packing and shipping of perishable fruits and vegetables and frozen food processing operations. Shutdowns would prove costly and likely lead to a drop in quality.
- Food processing facilities that are abruptly interrupted incur significant costs to sanitize equipment, which could stall harvest schedules and cause crop losses.

Even under the best scenario, there will be shortages in supplies of electricity this summer. Because factors such as weather, generating-plant maintenance, wholesale costs of electricity and levels of conservation all impact the level of outages, it is impossible to estimate precisely the number of outages or their duration expected during the summer months. Estimates show a range of outages calculated from 30 to 100 hours over the course of the summer.

#### **California Electrical Generating Costs**

- \$ 7 billion in 1999
- \$32 billion in 2000
- \$65 billion anticipated in 2001

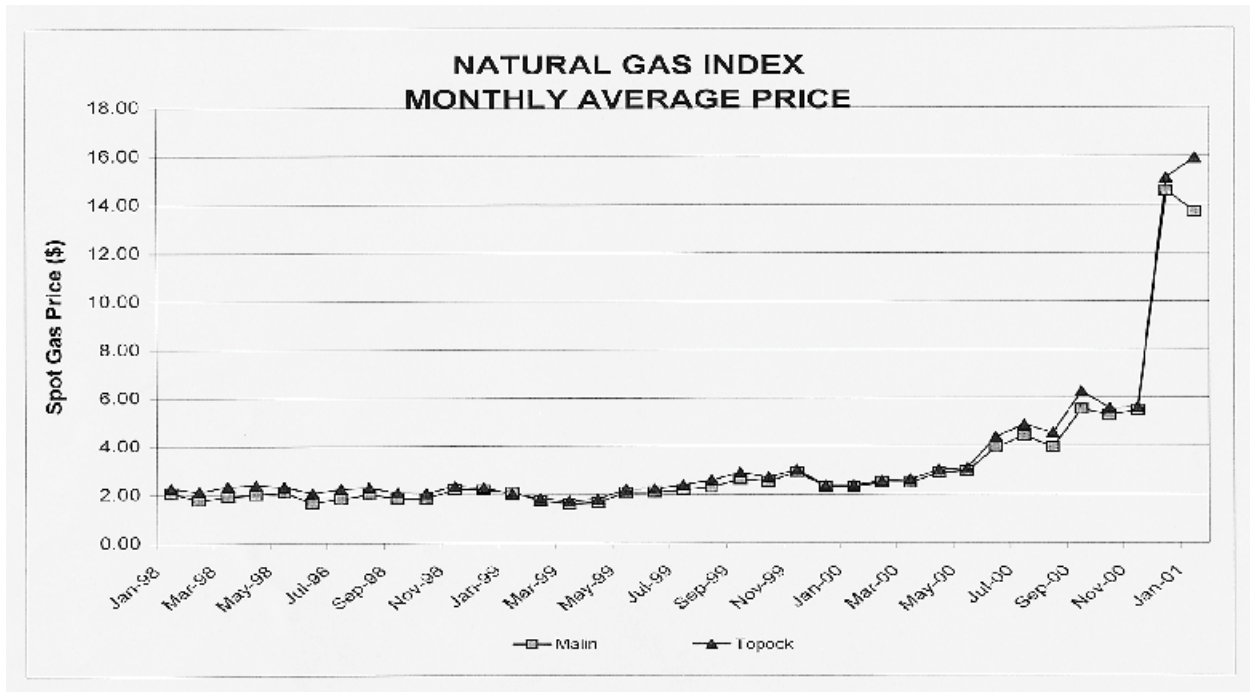
(Fig. 1)

Accounting for announced rate increases, it is estimated agriculture's rates will be at least 30 percent higher this year than last, ranging anywhere between 13¢ and 24¢/kwh. These increases do not yet account for costs of procurement that must be repaid to the state. (See *figure 1.*)

## Natural Gas

The spike in natural gas prices that began in 2000 remains high today despite drops in the rest of the United States. (See *figure 2.*) Limited relief is expected from the expansion of facilities to bring supplies to California from Wyoming.

Natural gas supply and pricing demonstrates the interrelationship of various energy resources. California's demand for cleaner sources of electricity has spurred development of new natural gas-fired generators. Anxiety over electricity availability has driven the interest in back-up and other generation sources, which are largely natural gas as well. Shortages of one source will continue to affect the supply and price of other sources.



(Fig. 2)

## Diesel and Gasoline

- California farmers can't compete for long with other states and other countries when gasoline, diesel, natural gas costs are sharply higher in addition to other higher input costs. (See *figure 3.*) Often the higher costs are the result of California-only standards. When shortages occur, such as happened last year with diesel, the farm price skyrockets. (Farm diesel prices doubled between 1999 and 2000 with the biggest jump occurring during the fall harvest period).

<b>California/U.S. Gas Prices</b>		
	Currently	1yr ago
<b>U.S.</b>	1.62/gal	1.46/gal
<b>California</b>	1.87/gal	1.74/gal

(Fig. 3)

***Recommendations:*** 

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We urge state and federal energy actions that ensure an affordable and reliable energy supply for California's agricultural industry.

We support the following actions:

- Legislative and administrative steps to streamline the permitting of new generating facilities and the full utilization of all existing generating facilities. **(high priority)**
- Pre-notification of rolling blackouts or, if necessary, the development of a managed blackout program. **(high priority)**
- A harmonization of diesel fuel standards between California and the rest of the country. **(high priority)**
- An increase in the natural gas pipeline carrying capacity into California.

We oppose the following actions:

- **State takeover of hydroelectric facilities and electrical transmission lines.**
- **The establishment of disproportionately high and unaffordable farm energy rates.**

## FARM SAFETY NET

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A number of California commodities are experiencing severe financial difficulties, largely the result of subsidized foreign competition, sudden foreign import surges, the strong dollar and high energy costs. Congress authorized market loss assistance funds in 2000 for commodities such as apples, potatoes and cranberries, in addition to \$20 million to deal with the Tri-Valley bankruptcy. Following are brief sketches outlining specific commodity problems. The list is an example, as many other commodities face similar problems.

**Apples:** Major apple plantings in China have led to a flood of apple juice concentrate into the U.S. Juice prices reached a record low of \$10 per ton of juice apples, with price returns falling below the cost to harvest. When combined with fresh market imports from New Zealand, Chile and South Africa, the depressed juice prices led to a price collapse for all apples. Even prices for the new, higher demand fresh market varieties fell nearly 45 percent in 2000.

**Apricots:** The state's apricot growers have been hurt by a sharp increase in dried apricots from Turkey and a flood of canned apricots imports from South Africa. The strong dollar, EU subsidies and substantially lower overseas wage rates contribute to the problems. Most of the state's 300 apricot growers are small businesses with an average of 50-60 acres. Last year 11,000 tons of apricots were lost due to the Tri-Valley bankruptcy. U.S. buyers are purchasing larger volumes from overseas.

**Pears:** Since the 2000 growing season an estimated 1,000-2,000 acres of California pears, representing about 20,000 tons, have been removed in an effort to deal with falling prices. Last year, prices collapsed due to a large volume of imported product and Tri-Valley's bankruptcy. Fresh market prices dropped to nearly one-third of normal. South African canned pears are entering the United States at \$2 per case below U.S. prices. Labor is a big component in the cost of marketing pears on and off the farm. South Africa's wage rates are substantially lower.

**Brussels Sprouts:** California produces over 40,000,000 lbs., with 60 percent devoted to the processed market. In 2000, U.S. freezers notified producers that they would be cutting their processed contracts by 50 percent, relying instead on product from Belgium. The subsidized imports caused a loss of \$3.6 million to California growers.

In January 2001, American Farm Bureau delegates passed policy language (AFBF Policy 28) reaffirming the organization's support for market loss assistance, stating: "We support market loss assistance payments for all commodities, including livestock. This support should be continued until trade negotiating authority becomes law and agricultural trade is improved." In subsequent testimony before the House Agriculture Committee, the American Farm Bureau offered the following comments on assistance for specialty crop producers:

## **Excerpts of American Farm Bureau Federation Testimony before House Agriculture Committee:**

“...the fruit and vegetable industry is suffering through the worst economic hardships in seventy years due to:

- increased imports from the North American Free Trade Agreement (NAFTA);
- competing against the European Union for markets on an unfair playing field. While our producers receive no subsidies for fruit and vegetable production, EU producers receive substantial subsidies, direct supports, and other hidden government assistance while not only preventing entry of our products into their markets but by gaining an economic advantage in the international markets we compete;
- fruits and vegetables are labor-intensive crops. Since 1990, farm wage rates have risen more than 40 percent, while average prices received by fruit and vegetable growers have increased only slightly. At the same time the top five exporters of fruit to the United States have very low labor costs;
- U.S. growers must comply with a long list of local, state and federal regulations; and
- China has not lived up to trading agreements by dumping product (see apple and garlic industries for examples) on the U.S. market.

Up to \$1.5 billion annually should be authorized for market loss assistance payments to producers of fruits and vegetables; (2) expanded adjusted gross revenue programs for fruits and vegetables; (3) programs to enhance competitiveness in the domestic and international markets should be implemented immediately; and (4) cost share and/or tax credit opportunities for environmental and regulatory requirements must be provided.

Farm Bureau supports the ability to authorize market loss assistance payments as needed for fruit and vegetable producers. To provide effective assistance, we have examined several options to include direct assistance, and a Supplemental Income Payment (SIP) plan. In general, Farm Bureau supports using direct assistance for permanent or multi-year crops and a SIP for annual crops. To qualify for direct assistance, growers would need to demonstrate industry-wide economic losses not related to natural disasters, such as:

- Prices received by all growers fall 20% (or some other trigger) below the average cost of production for the crop's marketing year;
- Prices received by all growers fall below the average cost of production for two or more consecutive marketing years;
- A national “deficiency” level would be determined, which is the difference between the average cost of production and the average price received by all growers;
- The amount of direct assistance would be based on the total production in the years when assistance is needed based on packinghouse receipts or records from the first purchaser, or on a county or national historical average multiplied by the deficiency level;
- This program is not an entitlement. To receive assistance, grower associations or a specific percentage of all growers would petition USDA for consideration....”

In determining eligibility, the California Farm Bureau urges formulas other than the current USDA Risk Management Agency figures, which typically lumps fresh market and canned prices.

***Recommendation:*** 

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We urge Congress to authorize funds in the 2001-2002 budget to provide a market loss assistance program. **(high priority)**

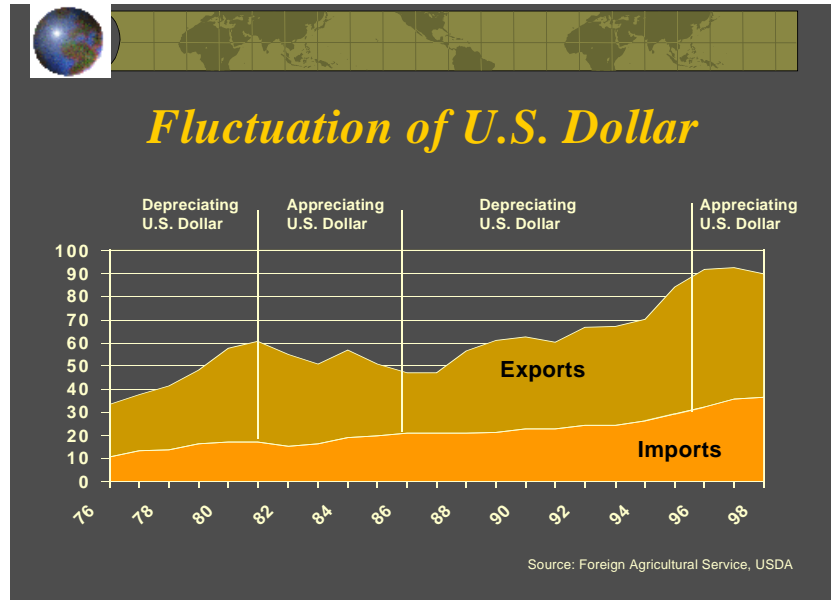
## TRADE

Agriculture is faced with several obstacles that put U.S. producers at a significant disadvantage in the international marketplace. Domestic prices for many California commodities have dropped due to a flood of imports, including raisins and other dried fruits, olives, garlic, honey, apples, apricots, peaches, oranges, pears and tomatoes. The CFBF Farm Crisis Task Force identified these issues:

### Strong U.S. Dollar

The value of the dollar has increased sharply in the last several years. Between April 1995 and September 2000, the U.S. trade-weighted exchange rate appreciated by 25 percent. The U.S. dollar appreciated by 40 percent against currencies of major agricultural trade competitors, making U.S. producers even less competitive in world markets.

(See *figure 4*.)



(Fig. 4)

This recent period of appreciation has been a major contributor to lower U.S. agricultural exports. From a peak of nearly \$60 billion in fiscal 1995, U.S. agricultural exports declined to \$49 billion in 1999.

### Subsidized Foreign Competition

California has been hit hard by unfair foreign competition. California produces 58 percent of the nation's total fruit and nut production and 39 percent of the nation's total vegetable production. U.S. agriculture is being affected not only by competition from developing countries, but from the European Union (EU) as well. The EU is a leading producer of deciduous fruit. While California receives zero subsidies for fruit production, EU producers receive substantial subsidies and other government assistance. For instance, from 1996-98 the EU subsidized its fruit and vegetable producers \$15 billion annually. The end result is a significant increase in imports from the EU of more than 141 percent in quantity (95 percent in value),

with a corresponding 12 percent decrease in the quantity (16 percent in value) of U.S. exports to the EU.

The U.S. cling peach industry has no significant foreign markets remaining due to excessive EU subsidies. EU support to Greek peach producers has exceeded \$200 million, which has led to the overproduction of both raw and canned cling peaches in Greece, increased EU exports of canned peaches at unfairly low prices and displacement of U.S. canned peaches in all world markets. This year California estimates that Greek imports will reach 2 million cases as compared to U.S. exports of only 720,000 cases. U.S. sales have been lost in both Mexico and Japan.

### Foreign Barriers

The United States has among the lowest tariffs in the world. (See *figure 5*.) Many countries which are major exporters to the U.S., such as the EU, Chile and China maintain high tariffs.

### U.S. Imports Surge

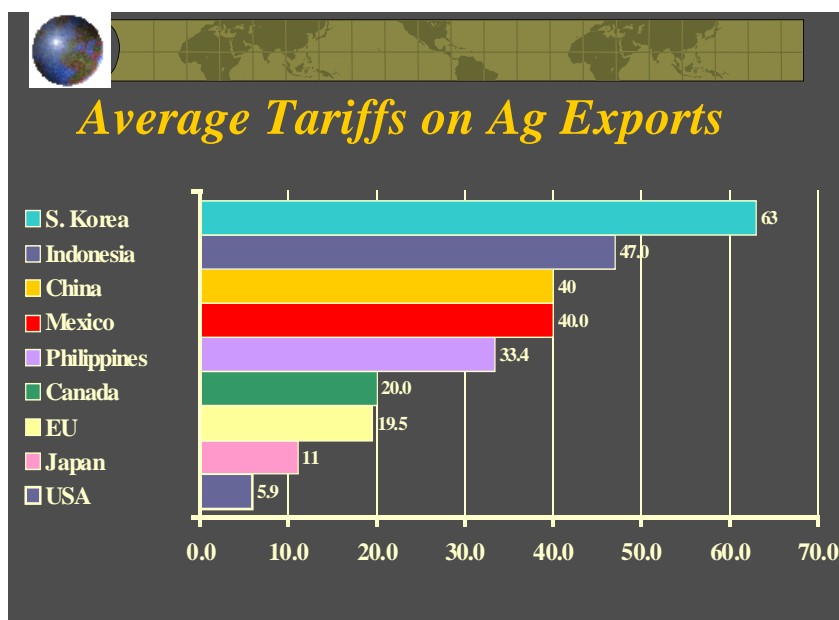
The U.S. is a net importer of fresh vegetables and expects to be a net importer of fruit in the next few years. Total U.S. imports of horticultural products from the EU have increased nearly 70 percent in the last six fiscal years. EU imports of wine are up 90 percent, fresh vegetables up 64 percent and

(*Fig. 5*)

fresh citrus up 670 percent. Agricultural imports from Mexico and Canada increased from 67.7 percent between 1994-2000 from \$8.2 billion to \$13.7 billion. Most of the gain was seen in wheat, live animals and vegetables. Feeder cattle imports from Mexico jumped 29 percent, while live cattle imports from Canada increased by 123 percent. Imports of fresh vegetables from Mexico have increased by 60 percent. Canadian exports, consisting of meats, poultry, dairy, eggs, fruit, vegetables, nursery, and wine/beer jumped 124 percent over the past six years.

### WTO Dispute Resolution Process

The dispute resolution process is time consuming and costly. It can take up to four years and nearly \$1 million to see a case to the end. The costs and delays render it out of reach for many small California commodities. U.S. negotiators must make changes to trading practices to facilitate and shorten the dispute resolution process.



**Market Development Programs**

The Market Access Program (MAP) was established in 1986 to develop and maintain export markets for agricultural commodities. The cost-share program has especially benefited small and new companies that implement foreign market development programs.

The U.S. has cut MAP funding in half since 1992, down from \$200 million. During the same time period, competitors increased their promotion funds by 50 percent. The European Union spends \$100 million per year in the U.S. alone to promote exports.

***Recommendations:***

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We urge actions in the following areas:

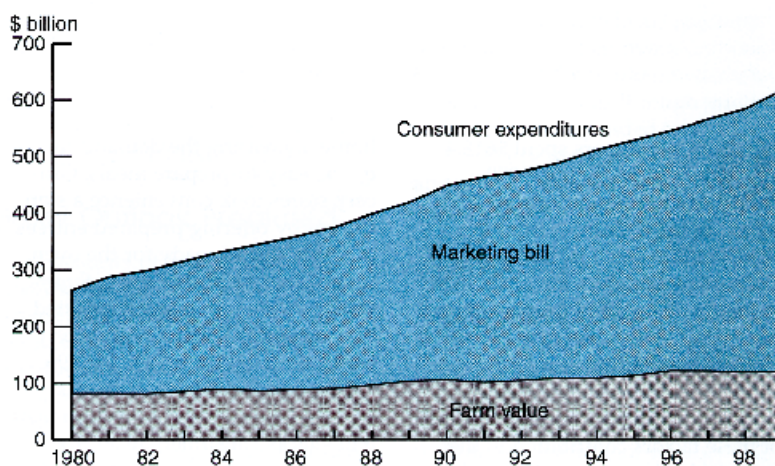
- An improved WTO dispute resolution process with shorter time frames and more support from the federal government, allowing affected commodities to develop their trade complaints.
- More federal and state support for market development programs.
- Short-term assistance for commodities that have been adversely affected by import surges.
- Sector-by-sector negotiations for fruits, vegetables and nuts in upcoming world trade talks.

## PUBLIC AWARENESS PROGRAMS

We live in a land of plenty. Consumers enjoy an ample and ever-expanding choice of food and farm products at very affordable prices. Fresh fruits and vegetables are available year-round. Today's consumers choose from an array of new products with added convenience. The proportion of the food dollar spent eating away from home grew from 44 percent in 1990 to 47.5 percent in 1999.

### Food Costs

Consumers are enjoying the convenience of today's foods while devoting a smaller share of their income to food purchases. Even though food expenditures increased during the 1990s by \$202 billion to \$691 billion the share of the household budget spent on food actually dropped from 11.4 to 10.4 percent, continuing a steady downward trend.



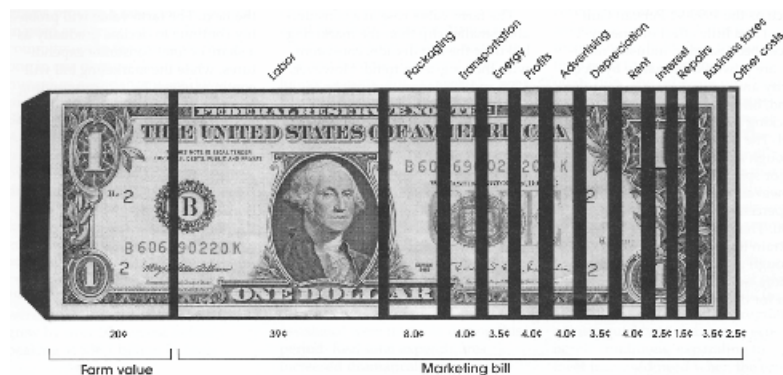
Data for foods of U.S. farm origin purchased by or for consumers for consumption both at and away from home. (Fig. 6)

Improved variety and convenience at a smaller share

of the budget made it the best of times for consumers, but producers haven't shared in the prosperity. (See *figure 6*.)

Today, labor, packaging and marketing take a growing share of the food dollar. (See *figure 7*.)

### Who Gets What Share of the Food Dollar?



Source: USDA's Economic Research Service.

(Fig. 7)

Today's consumers have little awareness of the farmer's role in growing the product. The average shopper readily differentiates between products that are high or low in fat or calories and whether the product is organic or not. But, there is less awareness of where the product was grown or the correlation between the farm and the supermarket price. And,

while the public strongly supports the American farmer, public support seldom translates into a "Buy American" loyalty at the supermarket.

The public has the right to know the origin of its food. A better informed public is also more likely to support America's farmers and ranchers when they make their food purchases. Taxpayer monies devoted to government food purchasing programs should be directed toward purchasing American-grown products.

***Recommendations:*** 

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We urge support for the following public awareness programs:

- Country-of-origin labeling for meats and produce.
- Greater public awareness and support for U.S. and California-grown products.
- Greater emphasis and compliance by federal, state and local agencies to purchasing domestic-grown products.
- Legislative and administrative actions to deal with foreign dumping practices.

## WATER

Most of California's major water projects were built between 1940 and 1970. Despite increasing water demands for population growth and diversions for environmental purposes, few new sources of surface water storage have been added in the past 30 years and there are currently no plans for major new water projects.

Prior to water year 2000-2001, California had seven consecutive years of normal or above normal precipitation. The current water year will likely rate as below normal. Fortunately, most reservoirs entered the year with adequate to good carryover. But as a result of this year's reduced water supplies, farmers operating under State Water Project (SWP) contracts will receive only 30 percent of their contracted levels and federal water/CVP users will receive just 40 percent of their contracted levels.

Even during good water years, farm water deliveries have fallen well below contracted levels due to mandated increases in in-stream flows, additional environmental diversions and restrictions on diversions and pumping for other beneficial uses of water. Under the 1992 Central Valley Project Improvement Act (CVPIA), 800,000 acre-feet of CVP water was dedicated for fishery restoration. The CVPIA also allocated 340,000

acre-feet of additional water for in-stream use in the Trinity River. In addition, regulations require water for the Environmental Water Account, refuge water supplies and other environmental uses.

By law and administration of the endangered species regulations, environmental diversions are held at proportionately higher levels during very dry years.

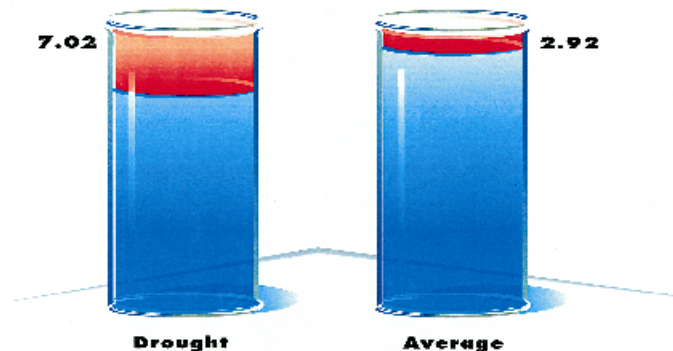
<b>California's Water Budget</b>			
	<b>1995</b>	<b>2020 Forecast</b>	<b>Change</b>
Population <i>(million)</i>	32.1	47.5	+15.4
Urban water use <i>(maf)</i>	8.8	12.0	+3.2
Ag water use <i>(maf)</i>	33.8	31.5	-2.3
Envir'l water use <i>(maf)</i>	36.9	37.0	+0.1

Source: California Department of Water Resources Bulletin 160-98

The CVPIA also allocated 340,000

### **WATER SHORTAGES 2020**

*Million Acre Feet*



(Fig. 9)

Without development of new water supplies and storage, rural California will bear the brunt of future water shortages.

Water supply development in California has not kept pace with population growth and regulatory actions. Consequently, state and federal agencies have taken water from agriculture to solve their shortfall in supply. Projections show a widening gap between supply and demand. (See figure 9.)

The water situation is especially critical in 2001 as alternative groundwater pumping will be expensive and unreliable due to California's energy crisis. Energy costs also hamper water transfers which might otherwise ease water shortages.

***Recommendations:*** 

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- CFBF should pursue state and federal actions to expand California's water supplies, strongly supporting prompt development of new surface water supplies and storage and locally-approved ground water recharge projects.
- We support operation of existing water storage facilities to maximize their hydroelectric generating capacity and authorization of historical water deliveries to agriculture to minimize groundwater pumping.
- We urge administrative and legislative review of federal environmental policies affecting the use and distribution of water in California.

## TAXES

California farmers and ranchers need help to compete more effectively in national and world markets. Several tax measures would provide partial relief---a reduction in the state's diesel sales tax rate, elimination of state sales tax on farm machinery, repeal of the federal estate tax and elimination of the state's sales tax on propane.

Higher diesel prices create a double jeopardy for producers. As prices soar, fuel taxes increase proportionately. As a result, the state receives an unplanned windfall in the form of higher tax collections and high fuel prices go even higher. Farm Bureau is seeking the elimination of the state's portion of diesel sales taxes for on and off road use.

For years an inequity has existed between rural and urban residents in the way taxes are applied to propane versus natural gas. Since 1933, no state sales tax has been levied on natural gas. Most rural residents lack access to natural gas lines and must rely instead on propane to perform the same functions. But, unlike natural gas, propane carries a sales tax. It's a quirk in the law that hasn't been fixed since its inception.

California is just one of four states that assess the full state sales tax rate on agricultural machinery. Five states have no sales tax. Thirty-three states exempt new machinery from all sales taxes. Eight other states impose a sales tax at a reduced rate. To make matters worse, California's sales tax does not deduct for the value of any trade-in. Most other states also exempt sales taxes on used machinery and rentals placing California farmers at an added disadvantage.

Death taxes can destroy family-owned farms and ranches when the tax, which can be as high as 55 percent, forces farmers and ranchers to sell off land, buildings or equipment otherwise needed to operate their businesses. When farms and ranches disappear, the rural communities and businesses they support also suffer. Farmland located close to urban areas are often lost forever to development when death taxes force farm families out of business.

Estate planning is sometimes effective in protecting farm businesses from over-burdensome death taxes, but the alternatives, such as high levels of life insurance are costly and require resources that could be better used by farmers and ranchers to operate and improve their businesses. (See *figure 10*.)

<b>Worldwide Estate Tax Rates</b>			
<b>Country</b>	<b>%</b>	<b>Country</b>	<b>%</b>
Australia	0	Japan	70
Austria	15	Mexico	0
Canada	0	Switzerland	6
Germany	35	United States	55
Italy	27		

Source: Center for the Study of Taxation

(Fig. 10)

**Recommendations:**

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We urge state and federal support for the following issues:

**Federal:**

- Repeal of estate taxes, with specific support for federal legislation H.R. 8. (**high priority**)

**State:**

- Elimination of the state tax on diesel for on/off farm and related use, with specific support for AB 19X. (**high priority**)
- Elimination of state sales tax on propane, with specific support for AB 1198 and AB 1388.
- Elimination of state sales tax on farm equipment, with specific support for AB 7 and AB 1380 (exemption from personal property tax for farm equipment).

## REGULATORY RELIEF

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Most laws dealing with regulatory enforcement are enacted with good intentions. Too often, however, the regulations which follow stray from the original spirit of the law. Laws such as the Endangered Species Act and Clean Water Act, were framed to accomplish very specific objectives. But the enforcement actions, become crucial to the success, failure and overall burden of the statute. And, seldom is an effort made to assess the combined impact of all regulations on an industry.

California farmers and ranchers find themselves in such a dilemma. Taken together the impact of multiple regulations---endangered species, water quality, clean air, pesticide use, labor standards, wetlands and conservation standards---create an enormous burden in terms of costs, reporting requirements and lost production.

To make matters worse farmers in other regions don't face the same restraints giving them a competitive advantage. Following are examples of regulatory conflicts:

- Few states or other countries face the sheer burden of endangered species listings which occur in California.
- Methyl bromide use has been cut in half in the United States and the product faces complete elimination by 2005. The reduced supply has caused prices to shoot up. Most of California's farm competitors will retain full use of methyl bromide at least until 2015.
- Due to endangered species regulations, farmers in Modoc and Siskiyou Counties have been denied all water deliveries. Production will be lost on some 200,000 acres. Farmers and their local communities face financial ruin.
- California has the highest labor standards anywhere in the world. California pays higher hourly wage rates (\$6.10 to \$14 per hour) than workers receive in foreign countries for an entire day's work. While California's wages are hard earned, it's hard to compete with farm producers in China, Mexico, Turkey and South America who pay their workers much less.
- The use of many effective agricultural chemicals has been restricted in the United States while the same products are used overseas.
- All regulations carry hidden costs in terms of record-keeping, monitoring, greater supervision, bearing the added costs of less-effective materials and altered production practices.

**Recommendations:**

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We urge across-the-board regulatory relief to allow California producers to remain competitive in the U.S. and worldwide markets. Regulations should be based on meaningful scientific data and common sense implementation.

We support the following actions:

- Reasonable enforcement of the Food Quality Protection Act and other regulations to ensure the continued availability of safe and effective chemicals, including methyl bromide.
- A regulatory review of the enforcement of the Endangered Species Act to encourage more accountability and scientific scrutiny of listing and de-listing decisions.
- State and federal actions, such as offsets or other remedial actions, to allow California farmers to compete with farmers in other countries.
- Government steps to prevent the use of misapplied science and data in regulatory decisions affecting land and water use.
- Studies of the cumulative affect that regulations have on the competitiveness of California agriculture.
- Overturning the Sierra Nevada Framework and continued support for multiple-use principles on all federal lands.

## **OTHER MAJOR AREAS OF CONCERN:**

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CFBF should urge:

- Aggressive state and federal government actions to protect the nation's livestock producers from the threat of Foot and Mouth disease.
- CFBF should pursue federal legislation that will ensure a reliable and affordable work force.
- Specialty crops should be included in the 2002 Farm Bill discussions.
- CFBF should seek greater scrutiny of farmer/retailer price setting relationships and better public understanding of the relationship between the price that the producer receives and prices charged at the retail level.
- CFBF should encourage studies by the University of California and other entities to examine the state's agricultural infrastructure needs and actions needed to increase the state's agriculture's competitiveness and economic viability.
- California should do more to increase the public's understanding and awareness of the state's agriculture to ensure its continued viability along with its associated values.
- We must identify and address third party impacts caused by California's farm economic problems as it affects farm employees, businesses and local communities.
- CFBF should examine other tax relief measures such as a reduction in the state's capital gains tax rate and tax credits triggered when the dollar's strength becomes disproportionately high.
- Congress should consider means within the next farm bill to compensate agriculture for the conservation and wildlife benefits it provides to the public.
- The state and federal government should develop incentives to encourage the production of ethanol and other renewable energy sources.
- Urge Congress to pass FARRM accounts.