

April 1, 2020

The Honorable Kevin McCarthy  
House Minority Leader  
Member of Congress  
United States House of Representatives  
Washington, DC 20515

The Honorable Devin Nunes  
Member of Congress  
United States House of Representative  
Washington, DC 20515

RE: California Specialty Crop Industry Priorities in Response to Covid-19 Pandemic

Dear Leader McCarthy and Congressman Nunes:

On behalf of the California specialty crop industry, we write to express our concerns over the rapidly evolving situation with Covid-19 and the impact it is having on our industry. As you, our congressional leaders, continue to navigate these uncommon times and craft appropriate responses to the economic devastation caused by this pandemic, members of the California specialty crop industry are asking for your assistance which will allow our members to keep harvesting, packing, processing and shipping the safe and affordable produce that is vital to every American.

California agriculture represents \$50 billion in production value, employs over 500,000 individuals at peak harvest and is the nation's leader in agriculture exports. As an essential business, California's agriculture industry has continued to work during the Covid-19 pandemic to provide consumers with the safest and freshest produce available. The recently passed CARES Act affords the United States Department of Agriculture (USDA) many tools and funding mechanisms, which if utilized correctly, can help the whole of the U.S. agriculture industry traverse these difficult times. We join with other industry representatives in calling for \$5 billion dollars to be dedicated to assist the U.S. specialty crop industry.

As USDA develops specific programs, under the agriculture provisions set forth in the CARES Act, we ask that you focus on the below areas to help maximize immediate benefits for the specialty crop industry:

### **Direct Payments to Growers**

The potential for significant instability in this country and in markets around the world due to the Covid-19 pandemic calls for the kind of direct payments to specialty crop growers that have been made through the Market Facilitation Program. The CARES Act bolstered USDA's ability to support the specialty crop industry and it would be our recommendation for those that can identify continued harm and loss of markets to be afforded direct payments in accordance with their impacts. Additionally, we request that the eligibility requirements be as flexible and inclusive as possible as with the additional supplemental appropriation for Disaster Relief Act;

Commodity Inclusion: *Berries, Citrus, Fresh Grapes, Tree Fruit, Tree Nuts, Fruit and Vegetable Row Crops and other commodities that fall into the USDA Specialty Crop Definition\**

### **Food Purchase Program**

With the unknown duration of this crisis and uncertainty in the food service supply chain we encourage USDA to create a similar purchase program as to what was instituted during the China Trade Dispute. We encourage the department to work with producers of specialty crops, through a direct purchase program and an expanded Section 32 program, to procure specialty crop commodities that can be utilized either by school feeding programs or the national food bank matrix. We would ask that these purchases be targeted

*USDA Specialty Crop Definition: Fruits and Vegetables, Tree Nuts, Dried Fruits, Horticulture, and Nursery Crops (including Floriculture)*

to grower/shippers as they are most directly responsible for the food supply and most directly affected by the current crisis;

Commodity Inclusion: *Berries, Citrus, Fresh Grapes, Tree Fruit, Tree Nuts, Fruit and Vegetable Row Crops and other commodities that fall into the USDA Specialty Crop Definition\**

### **Perishable Agricultural Commodities Act (PACA) Trust Claim Guarantee**

Under PACA, established in 1930, perishable producers are first in line for payment in bankruptcy situations. During the ordinary course of business such bankruptcies would be few, and non-payments would be handled between trading partners. But, given the potential of widespread non-payment and even business failures in this crisis within the food service sector, extra steps are required to avoid disruption in the country's fruit and vegetable supply chain. We propose that the USDA guarantee the payment of all legitimate PACA trust claims filed against bankrupt firms, to the extent these claims are not satisfied by the available trust assets (e.g., receivables realized from the sale of perishable agricultural commodities). Under this proposal, PACA trust claims filed prior to bankruptcy filing would be ineligible for the USDA guarantee.

This proposal would:

- Assist produce growers, shippers, and distributors secure financing with receivables that would be 100% safeguarded against losses in bankruptcy.
- Encourage suppliers to refrain from filing premature trust claims that might force buyers into bankruptcy.
- Relatively easy to administer. Eligible PACA trust claimants not made whole by the bankruptcy process would submit proof of their losses to the USDA, which would review and release funds accordingly.

We, as the undersigned, offer our assistance as these programs are developed to benefit the specialty crop industry. We understand that these are trying times and that our nation is facing a global pandemic unlike one we have ever seen. Members of the California specialty crop industry take the responsibility of providing a safe and reliable food supply seriously and we are just asking for your help in giving us the tools to accomplish that goal.

Sincerely,



Richard Matoian  
American Pistachio Growers



Casey Creamer  
California Citrus Mutual



Elaine Trevino  
California Almond Alliance



Jamie Johansson  
California Farm Bureau Federation

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Ian LeMay  
California Fresh Fruit Association



Kathleen Nave  
California Table Grape Commission



Michelle Connelly  
California Walnuts



John Moore III  
Kern County Farm Bureau



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Tulare County Farm Bureau



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