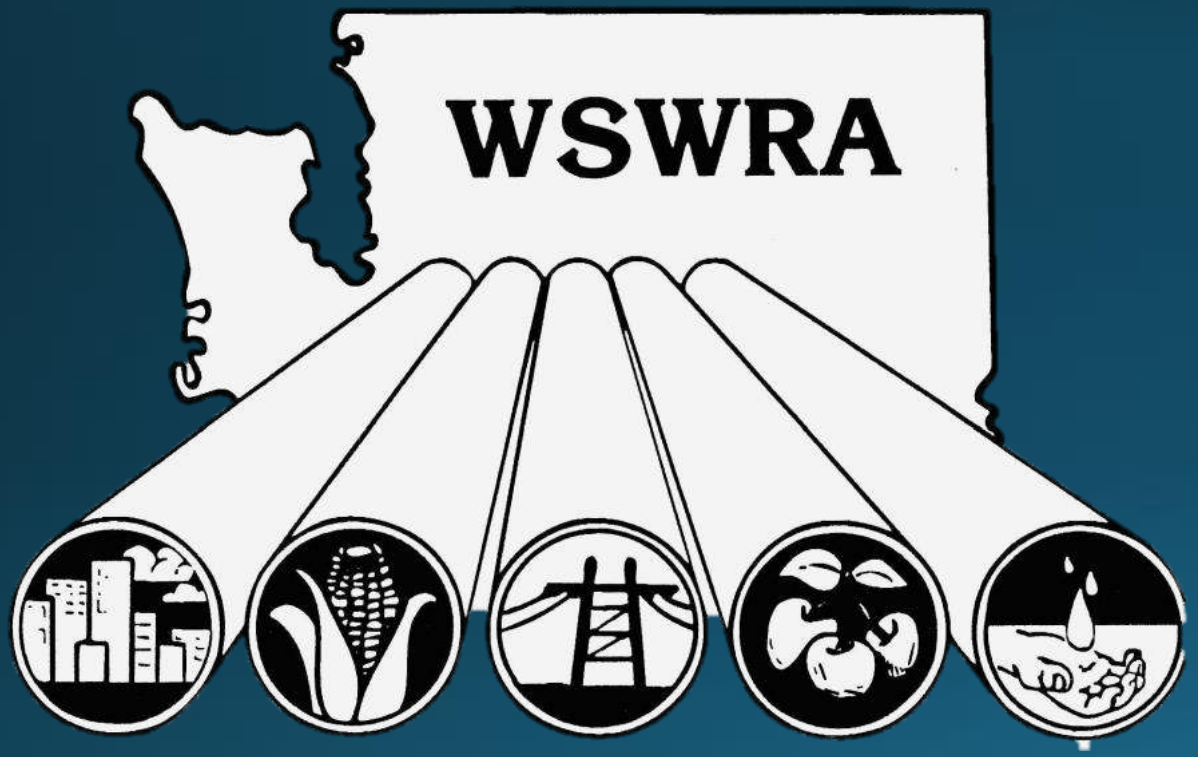
Washington State Water Resources Association 2022 Conference



Spokane, Washington

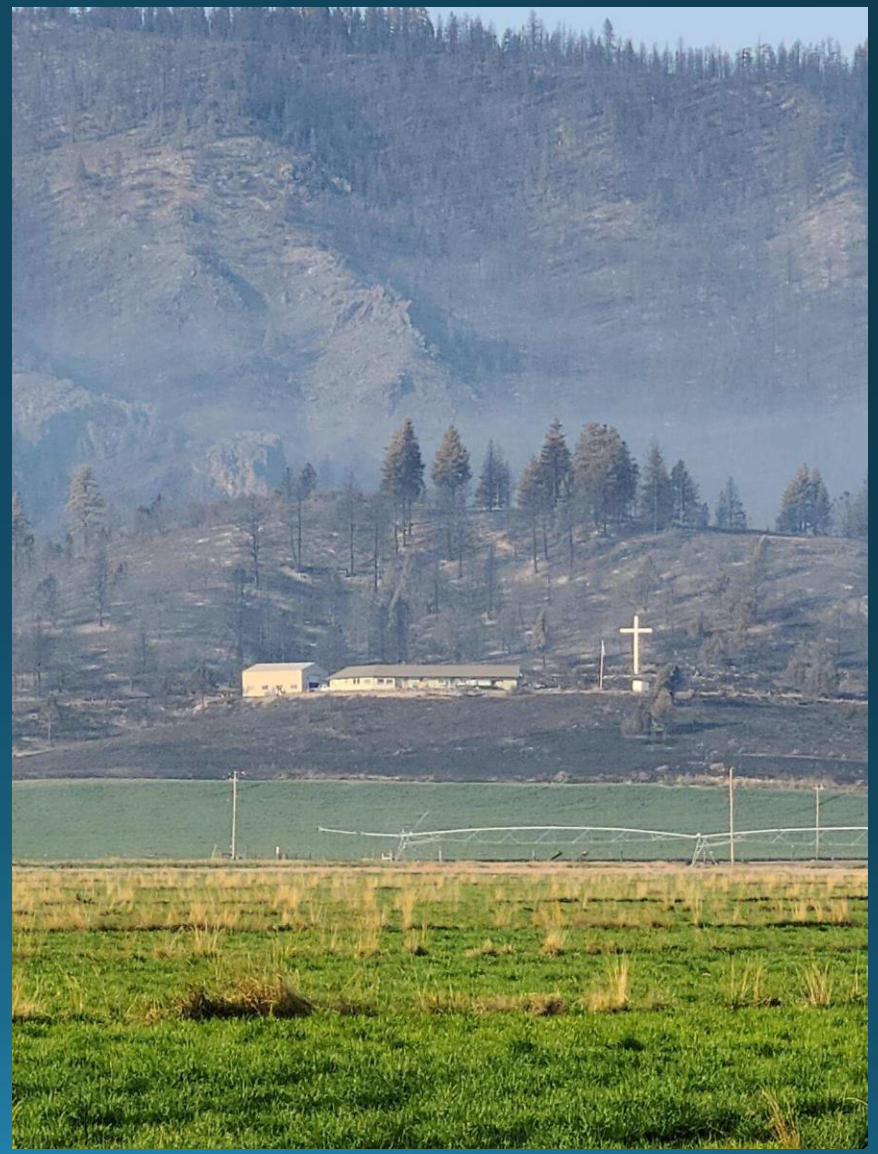
December 2, 2022

Family Farm ALLIANCE®

PROTECTING WATER FOR WESTERN IRRIGATED AGRICULTURE

Dan Keppen, P.E.
Executive Director

Fire on the Mountain



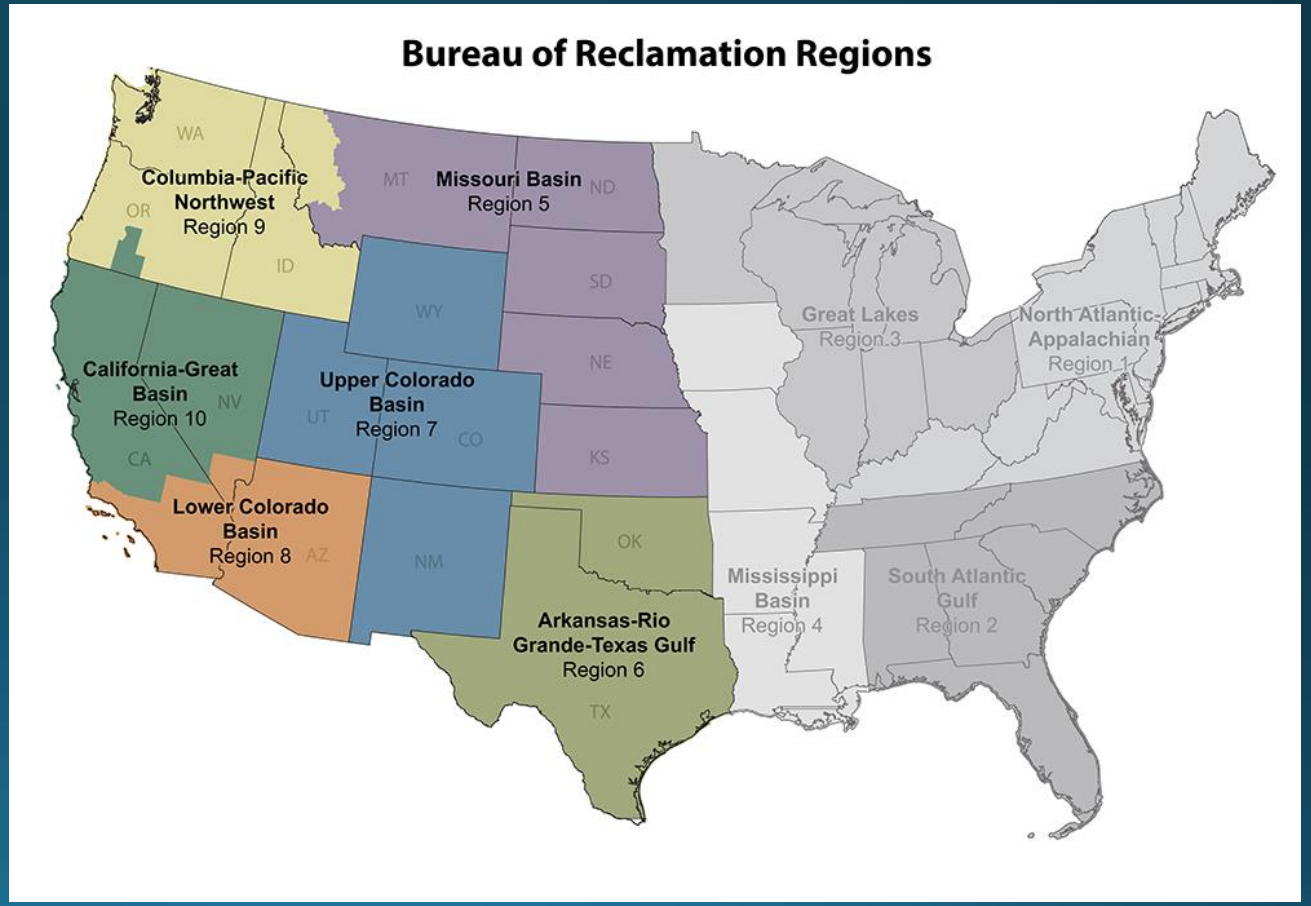
Fire on the Mountain

Food and Water Security For the West

About the Alliance

Family Farm Alliance Membership

- The "Reclamation States"



Federal Engagement

- Over 90 appearances before Congressional committees since 2005
- Focus in this Congress:

DROUGHT, INFRASTRUCTURE, **GLOBAL FOOD INSECURITY**, and COLORADO RIVER

A Perfect Storm:
Western Drought, Inflation, Ukraine and Global Food Insecurity

Inflation:
Highest Grocery Store Price Boosts since 1980

Putin's invasion of Ukraine has decreased and destabilized worldwide ag commodity production and availability.

Rising input costs

Energy and supply chain crises

Inflation

Key Points

- Consumer prices rose 0.4% in September, up 8.2% from a year ago.
- Excluding food and energy, the core consumer price index accelerated 0.6% and 6.6%, respectively.
- **This was the largest yearly gain since August 1982.**

War in Ukraine:
Massive Blow to Food Production and Shipments

- War in Ukraine, world leaders feared that sanctions and destroyed ports could take nearly 30% of the world's grain supply out of production or off the market this year.

Cereal Prices Have Dropped in Recent Months

- Recent improved production prospects in North America and Russia.
- The resumption of exports from Black Sea ports in Ukraine in June.

Global grain stocks pushed towards decade low

- Shipments are too few
- Harvests from other major crop producers are smaller than initially expected.
- Poor weather in key agricultural regions: U.S., France, China

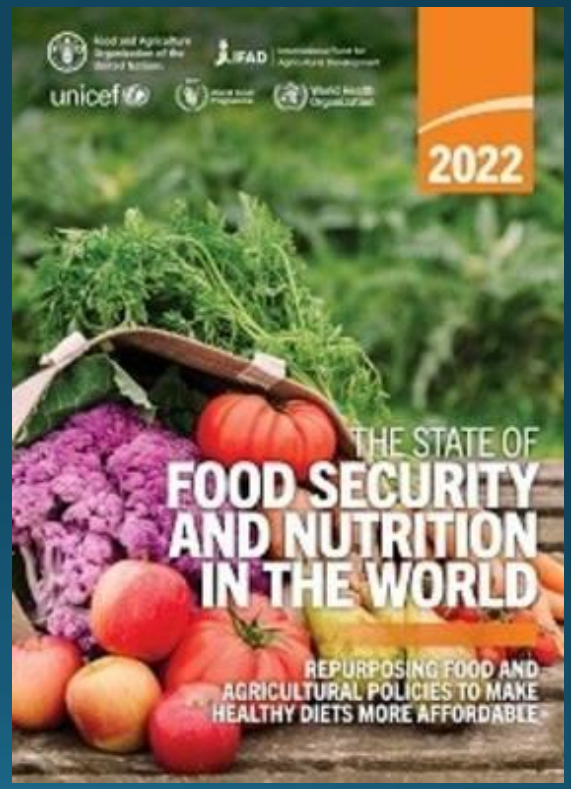
“Many Uncertainties”

- High Fertilizer Prices
- Bleak Global Economic Outlook

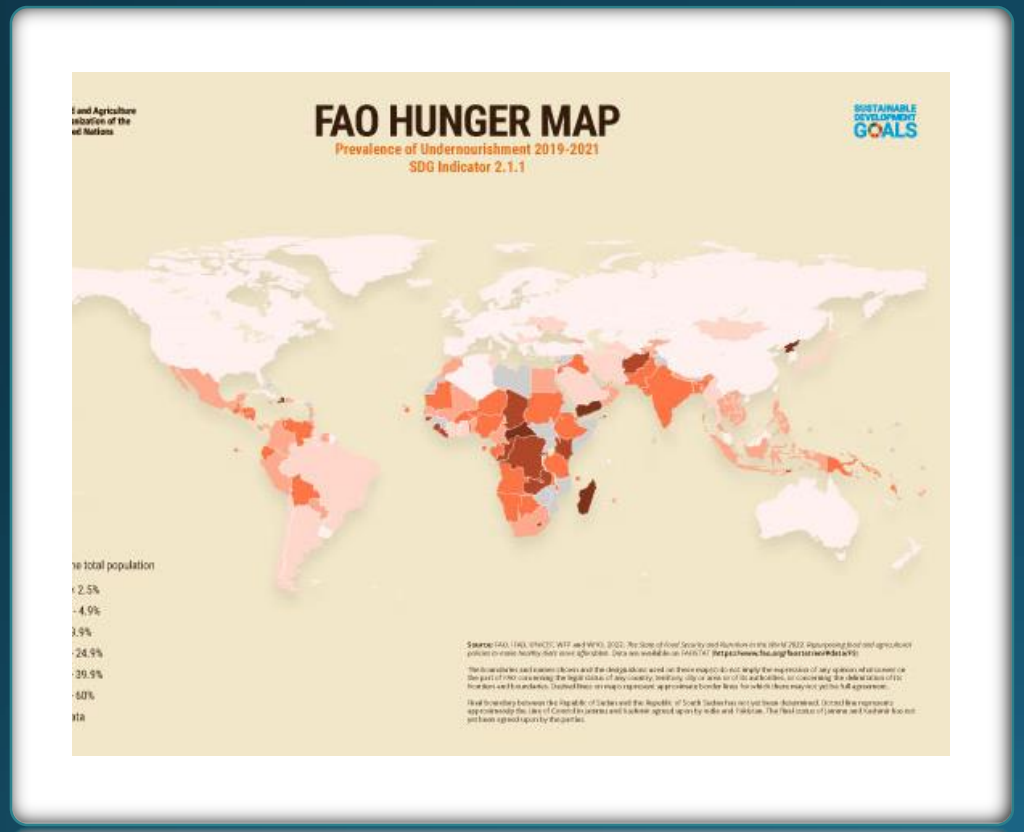
These…. “*pose serious strains for global food security*.”
Maximo Torero, FAO Chief Economist
August 2022

State of Food and Nutrition in the World 2022

- An unprecedented count of up to 828 million people went hungry in 2021
- An increase of 46 million from the previous year
- A leap of 150 million people since the start of the pandemic



State of Food and Nutrition in the World 2022



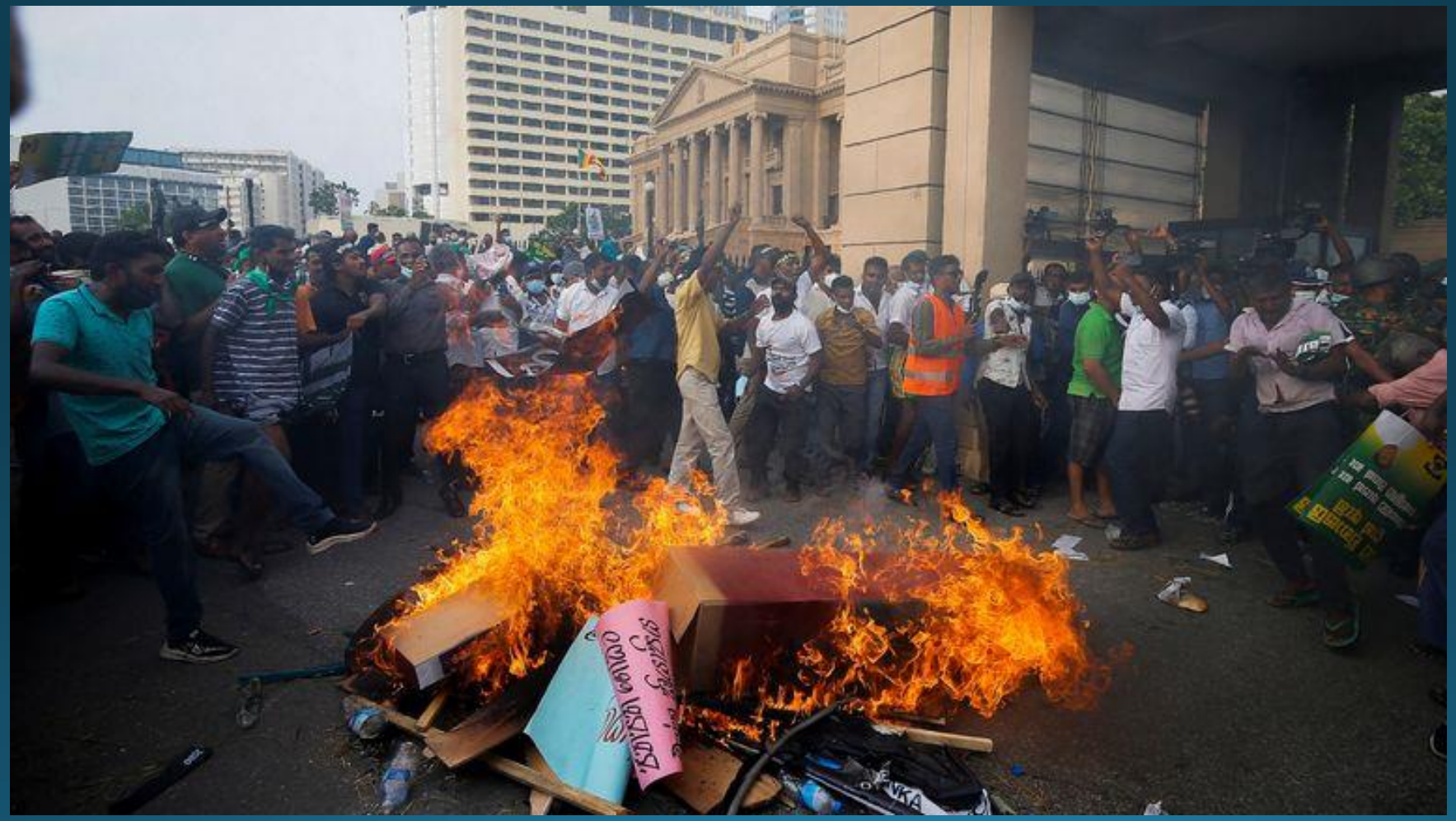
World leaders fear global price spikes in food, fuel and fertilizers will lead to widespread famine, prompting:

- Global destabilization
- Starvation
- Mass migration on an unprecedented scale

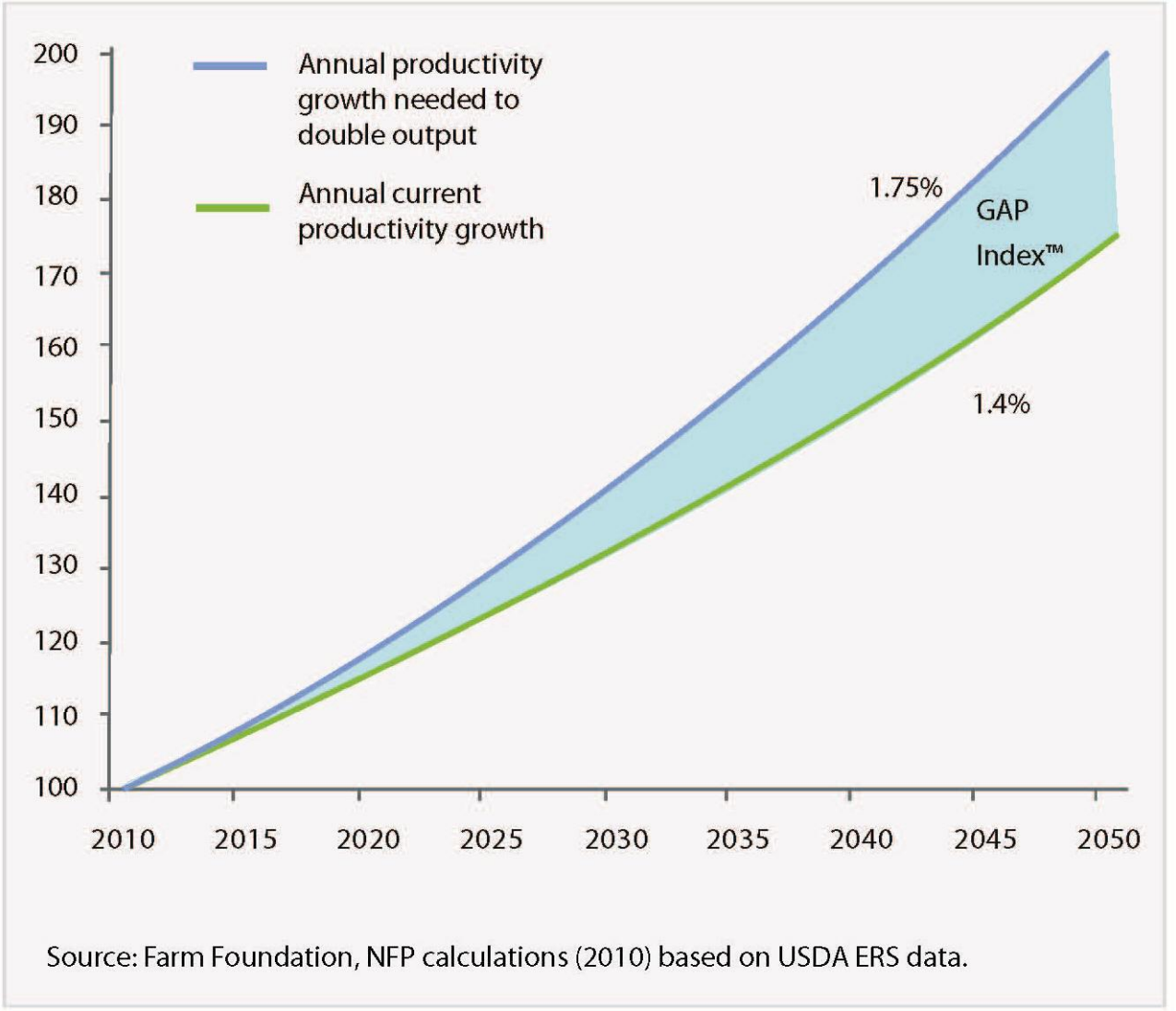
Yesterday's News (12/1/22):
UN seeks record $51.5 billion for aid needs

- More than 4% of world's population needs assistance
- UN aid system 'being tested to its limits': aid chief
- 25% increase on 2022
- More than five times the amount sought a decade ago.

Food Riots in Sri Lanka



The World Food Supply "GAP"



Source: Farm Foundation, NFP calculations (2010) based on USDA ERS data.

GAP REPORT® GLOBAL AGRICULTURAL PRODUCTIVITY REPORT®

The 2022 GAP Report

shows "fragility of agricultural systems, global inability to sustainably feed a growing population"

COLLEGE OF
AGRICULTURE AND
LIFE SCIENCES

Key messages:

- We're moving in the wrong direction.
- Reversing the downward trajectory of GAP growth demands **urgent action** from policymakers, leaders, donors, scientists, farmers, and others in the agri-food system.

For the third time since 2018, the U.S. will run an agricultural trade deficit

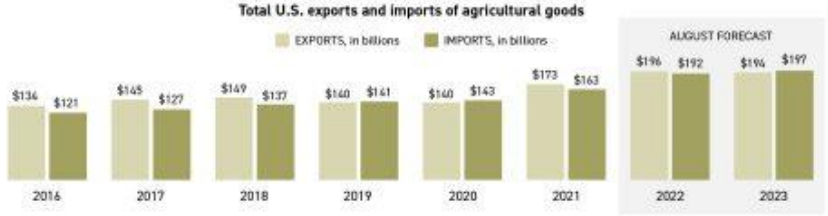
POLITICOPRO DATAPOINT ON TRADE

Sept. 7, 2022

U.S. agricultural imports forecast to reach a record high in 2023

USDA's August 2022 Outlook for U.S. Agricultural Trade forecasts that U.S. imports of agricultural products will grow in fiscal 2023 to a record high of $197 billion, creating a slight trade deficit in agricultural commodities. In some previous years, U.S. exports of agricultural goods outnumbered those brought into the states. The largest sources of agricultural imports are forecast to continue to be Mexico, Canada and the European Union.

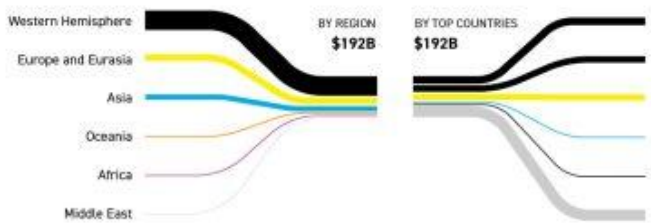
Total U.S. exports and imports of agricultural goods



FORECAST, IN BILLIONS

Change	FY '23	FY '22
+$3.7	$115.0	$111.3
+1.2	$38.2	$37.0
$0	$30.6	$30.6
-$0.1	$6.8	$6.9
+$0.2	$4.1	$3.9
$0	$2.3	$2.3

Total U.S. imports of agricultural goods in FY 2022



FORECAST, IN BILLIONS

FY '22	FY '23	Change
$44.4	$46.9	+$2.5
$36.6	$36.2	-0.4
$34.8	$36.0	+$1.2
$6.0	$6.0	$0
$5.9	$6.3	+$0.4
$64.3	$65.6	+$1.3

Source: USDA

By Cristina Rivero, POLITICO Pro DataPoint

For the third time since 2018, the U.S. will run an agricultural trade deficit

- This growing deficit is driven by our dependence on imported Mexican fruits and vegetables.
- In 2019, we imported $13 billion worth of fruits and vegetables from Mexico.
- In 2021, our fruit and vegetable bill from Mexico went up to $16 billion.

"Wake-up Call"

- Hunger-stricken African countries are struggling with reduced wheat imports due to war in Ukraine.
- One country - Zimbabwe - is looking to build a small strategic reserve for the first time in its history.
- Russia's war in Ukraine is a "wake-up call" for countries to grow their own food (*Associated Press*).

Emmerson Mnangagwa
President of Zimbabwe

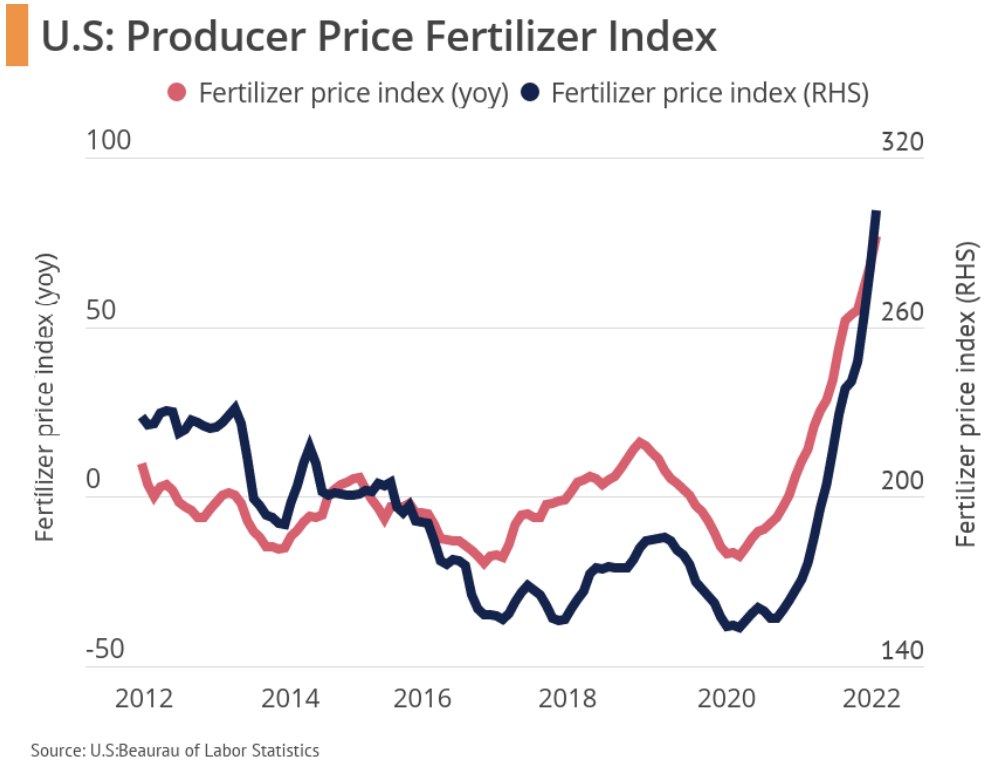
U.S. Food Costs
(As a percent of household income)

- 2005: 6.2% (lowest in the world)
- 2021: 10.3%

- 2021 to 2022
- Up another 12.2%- Biggest jump in 43 years

Other Factors: Increased Farming Costs

- Higher input prices
  - Fuel
  - Pesticides
  - Fertilizer
- Since January 2021, many fertilizer types have tripled or quadrupled in price.



Producers are very concerned

"It now costs more to ship vegetables across the United States than the cost to grow."

Steve Benson
Family Farm Alliance Director
Imperial Valley Producer
June 24, 2022
House GOP Forum on Energy Prices

Regulatory Pressures are Making Farming Difficult in California

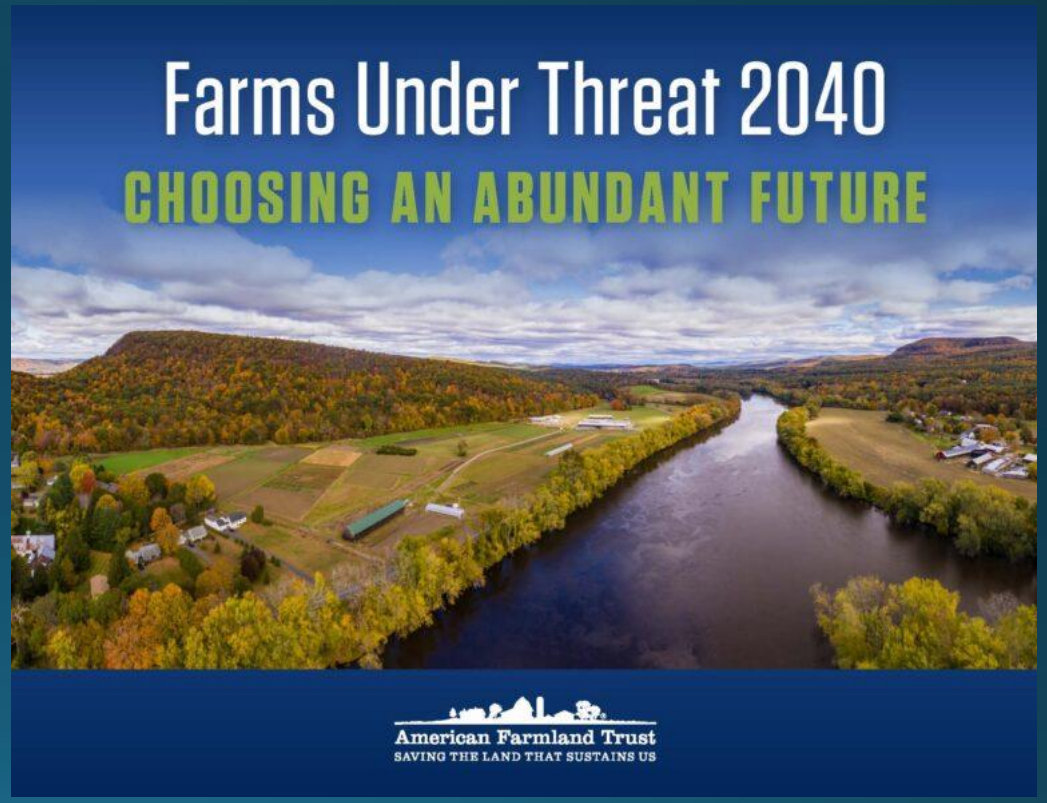
- Clean Water Act
- Endangered Species Act(s)
- Central Valley Project Improvement Act
- Sustainable Groundwater Management Act (SGMA)
- Pesticide Regulations
- Minimum Wage Increase
- 40-hour Work Week/Overtime Pay

SGMA has made the surface water "drought" worse. Farmers pumped groundwater because surface supplies have been shorted in all but very wet years.

Dutch Farmers Protest Government Climate Policies

Meanwhile, we continue to lose farmland to development….

- Counties in Arizona and California top the list of states that continue to face high urbanization rates.
- Maricopa County is losing farmland at a faster rate than any other county in the nation.
- In California, Fresno County, the nation's leading agricultural county by gross value, is in third place, and the 17th fastest in the nation.

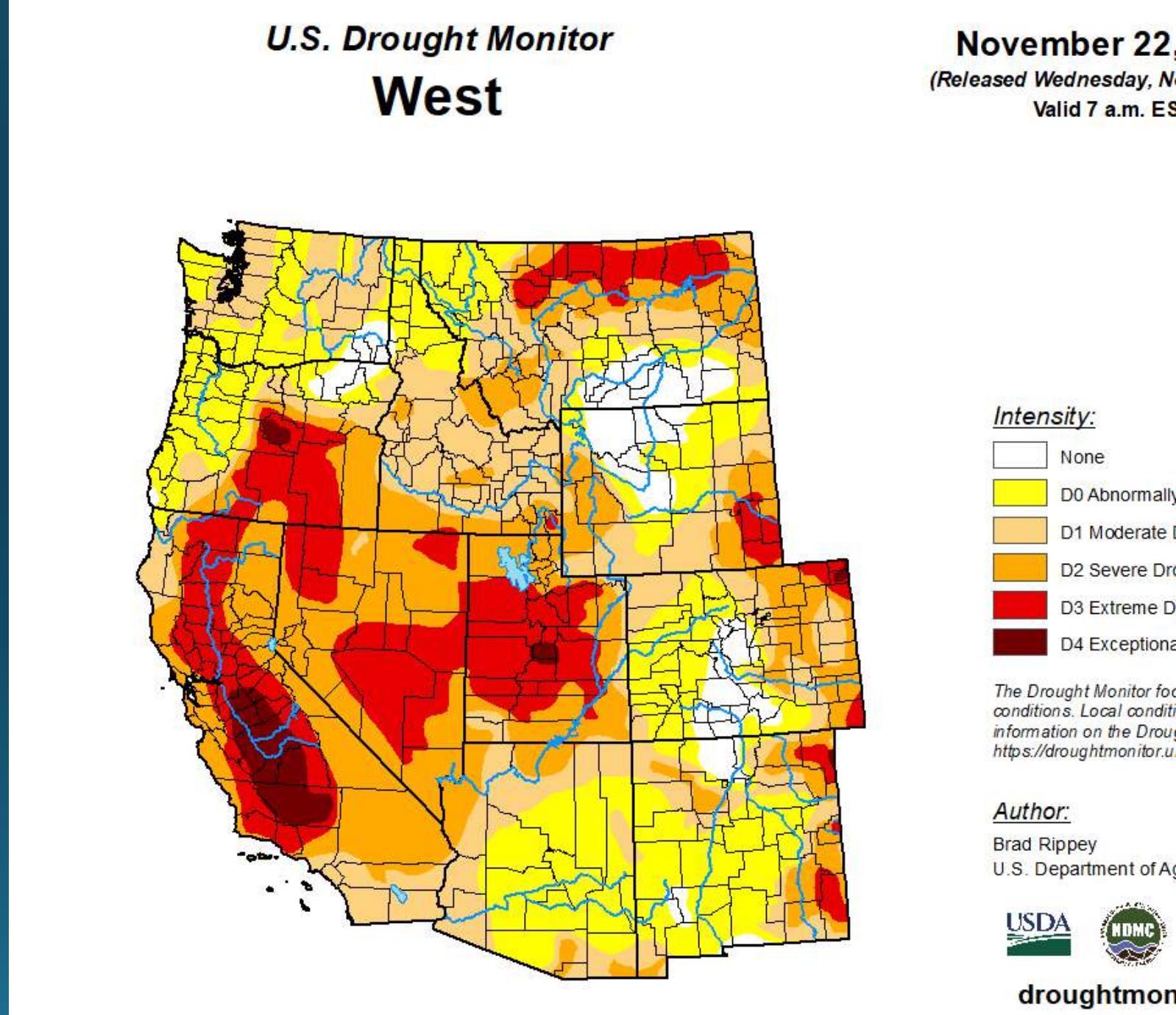


….AND to Foreign Investments

Press Release
Published: Oct 3, 2022

Comer & Thompson Lead Letter to GAO Regarding Foreign Investments in U.S. Farmland

2022
Western Drought



Scary Times for Western Irrigated Agriculture

- 695,000 acres fallowed in Central Valley
- 15% Klamath Project allocation
- Irrigators in AZ are summer fallowing due to increased power rates
- Colorado River Speculation: 1 million acres of farmland fallowed to meet targeted 2-4million AF of cuts.

Regulations Exacerbating Natural Drought

- Central Oregon
- Klamath Project
- Central Valley Project

2021-22 Western Drought: Silver Lining?

- Political and public attention paid to the needs of Western agriculture and rural communities
- The drought underscores 4 concerns.

Western Water Infrastructure Initiative

- ADDRESS aging infrastructure
- Water conservation
- Water recycling, reuse, and desalination projects
- New water storage facilities
- Watershed management, fish passage and recovery, and habitat restoration
- Federal financing mechanisms (like WIFIA) for water projects
- Loans for local districts operating and maintaining federally owned irrigation projects
- Water quality improvement for rural communities

IIJA Western Water Provisions

$8.3 Billion for Reclamation Infrastructure / 5 yrs

- $3.2 billion for the Aging Infrastructure Account
- $1.15 billion for WIIN Act Storage
- $1 billion for rural water projects
- $1 billion for water recycling and reuse projects
- $500 million for the Reclamation SOD Program
- $400 million for WaterSMART grants

….& more for watersheds, ecosystems, and Colorado River programs

IIJA Watershed Resiliency Provisions

Nearly $1 Billion for NRCS / 5 years

- $618 million for Watershed Programs
- $300 million for Emergency Watershed Protection Program

NRCS
Natural Resources Conservation Service

Inflation Reduction Act – $4B for Western Drought Provisions

- Colorado River Politics
- $4B for BOR
  - Colorado River Priority, but applies anywhere in the West
  - Short-term water acquisitions, CO River systems conservation actions, ecosystem projects (Salton Sea).
- Lots of $ for "climate smart" ag practices

Alliance 2022 Priorities

- PUSH BACK on Ag Demonization
- Consumer Awareness

Wall Street Journal Ad & Social Media Campaign

TODAY'S WORLD IS FULL OF UNCERTAINTIES

YOUR FOOD SUPPLY SHOULDN'T BE ONE OF THEM

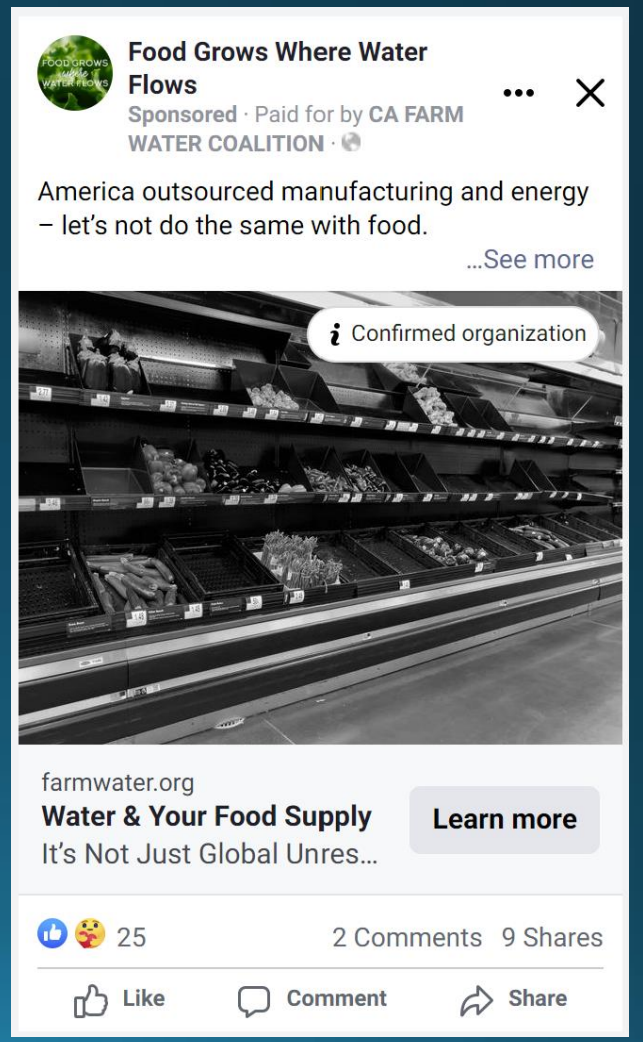
A safe, sustainable food supply is a fundamental expectation in the United States.

Over 80% of our country's fruits, nuts and vegetables are grown west of the Rockies. Today's policies governing the use of water are out of balance, putting our food supply at risk.

We can fix this NOW by utilizing existing water infrastructure and restoring balance to government water policy.

When grocery shelves are empty, it will be too late.

Scan the QR Code to Learn More & Get Involved
Or Visit farmwater.org/food-security-and-water/



IT'S NOT JUST GLOBAL UNREST THAT'S PUTTING OUR FOOD SUPPLY AT RISK

IT'S ALSO GOVERNMENT POLICIES THAT DENY FARMERS ACCESS TO WATER

In March of 2022, the agricultural community in western states came together to draw attention to the ongoing water crisis affecting food and fiber production in America.

https://www.farmwater.org/food-security-and-water/

Key Points

- Inflation
- Food security
- Drought crisis
- Short food supplies
- Infrastructure is critical
- Farmers are conserving
- Unstable foreign sources
- Ag's economic value
- Western ag can't be moved

Ad Results

As of 10/24/22

- Ad cost: $96,857.81
- Social: $40,864.25

- Impressions: 7.4 million
- Clicks: 222,000
- Time on LP: 3:49 minutes

THE WALL STREET JOURNAL.

Instagram

Connecting the Dots…

- "A pandemic and now extreme weather have exposed the vulnerability of the supply chains on which global commerce depends.
- Governments everywhere should also do more to increase water storage capacity, diversify supply and repair infrastructure."

Bloomberg, Sept. 8, 2022

Final Thoughts

.

"You've got to . . . keep listening to the farmers, because ultimately, you don't want to get to the point of creating a food crisis to solve a water crisis."

Enrique Martinez
General Manager
Imperial Irrigation District
Palm Springs Desert Sun
August 4, 2022

Additional Info / Contacts

Questions?

E-mail me at dan@familyfarmalliance.org

or, check out our website:

www.familyfarmalliance.org

Family Farm ALLIANCE®

PROTECTING WATER FOR WESTERN IRRIGATED AGRICULTURE

Protecting Water for Western Irrigated Agriculture