

Biotechnology, Engineering and Research ... View of Potential from “the Hill”



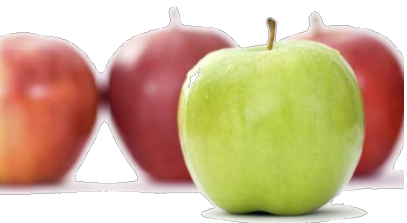
Nancy Foster, President & CEO

U.S. Apple Association

February 27, 2013

Overview

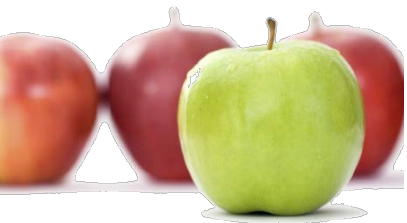
- First GE apples may be deregulated by USDA
- USApple position
- Commitment to research
- State GE labeling proposals
- Top priority
 - **Immigration & agricultural labor reform**



USApple Mission

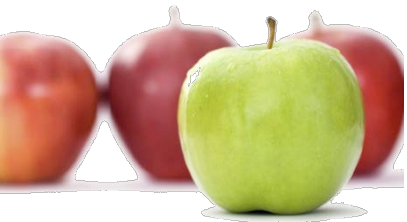
Advocate for American apple growers and their industry partners on national issues to ...

Promote the profitable production and marketing of apples and apple products.



Who is USApple?

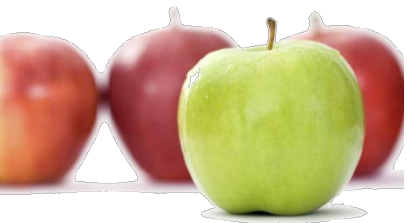
- Nurseries, growers, packer-shippers
- Storages, sales agencies, processors
- Fresh-slicers, brokers, industry partners
- Advocate for and defend *American* apples and apple products



What Sets Us Apart?

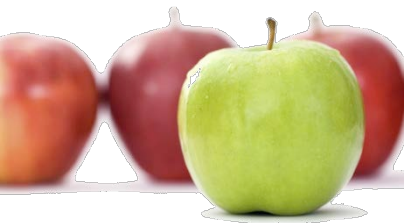
We Represent Apples at the National Level:

- 🍏 To Federal Legislators & Regulators
 - Presenting the apple case on the “Hill”
 - Defending apple interests to regulators
- 🍏 To Media, Health Professionals & Consumers
 - Getting the “good news” out to *grow sales*
 - **Defending against crises** - negative & inaccurate information that could harm the market



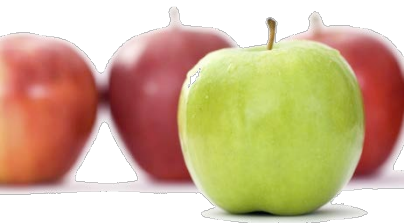
Good Apple “Brand” in Congress, USDA, Federal Agencies

- Growers & packers are valued constituents
- Symbol of American culture & countryside
- JOBS - rural economy
- Represent health in fight against obesity



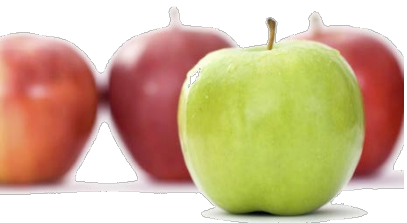
First GE Apple Expected to Receive USDA “Deregulation”

- Greatly slows down browning
- OSF petitioned USDA to deregulate
 - 2 petitions – Granny and Golden
- USDA must determine that environmentally safe, “exempt from regulation”
- USDA decision likely this year



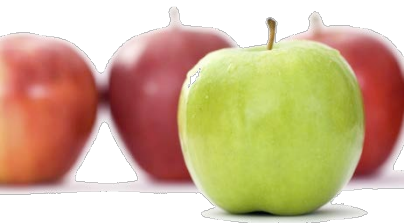
Apples & Biotechnology

- APHIS received > 60 permit requests for apple biotech field trial research (past 14 years)
- USDA's GE research - transgenic rootstocks, nutritional uptake of rootstocks, environmental stress resistance and fireblight resistance



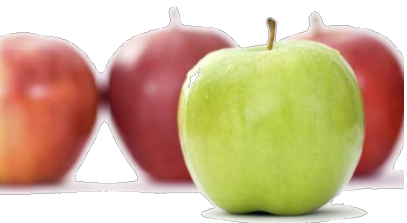
Apples & Biotechnology

- OSF – Arctic apples
- Cornell, University of Oregon, private U.S. firms
- Also extensive biotech research in New Zealand and China



USApple & OSF

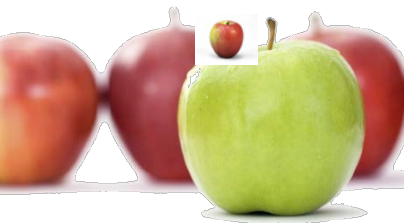
- OSF & USApple have talked, shared info
- Some apple growers support Arctic apples and want to be among the first to grow it
- Others not so sure
- “Are consumers ready for a GE apple?”



USApple Position

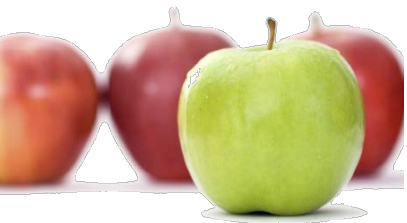
Arctic Apple

- Consumers like their apples, “naturally.”
- Very low browning apples are already available
- USApple does not support deregulation of Arctic apples
 - Would allow the free and open planting of trees which produce these GE apples



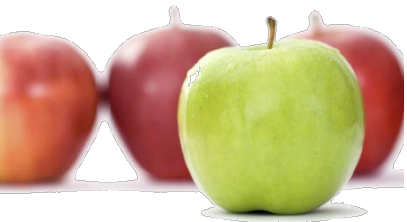
Arctic Apples

- USApple's position is not based on any question about human health or safety
- To continue discovering new and valuable benefits from apples, *USApple supports advancements from technology and genetics and genomics research*
- Specialty Crop Research Initiative (Farm Bill) – BMSB, Rosbreed

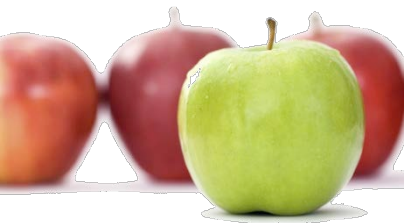


Research & Future GE Apples

- Benefits can include attributes such as:
 - Quality
 - New apple varieties
 - New aromatic flavor profiles
 - Improved pest resistance
 - Enhanced nutrition from tree to table
- **Will evaluate future GE apples on a case by case basis.**



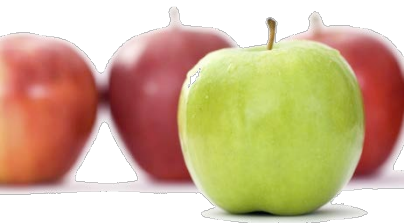
“Future of GE apples in the United States will be determined by USDA decisions and by the marketplace.”



The Market

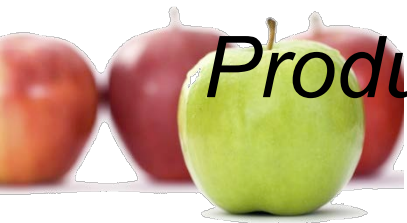
GMO Labeling Laws

- Consumer “right to know”
- Arctic apple would have to be labeled
- Apple processors fought CA’s Prop 37
 - HFCS ingredient
- Anti-GMO activists tried in Congress – and failed, new legislation introduced
- Focus now on states (AZ, CO, HI, IA, NM, MD, MO, MT, OR, VT, WA)



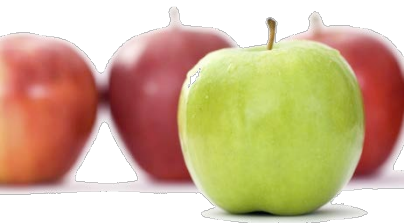
GMO Labeling Laws

- “It’s important to **empower people** with information they need to make their own **healthy choices.**” (*Rep. Jared Polis, D-CO*)
- “GMOs pose direct and indirect **threats to the health of people and the environment,** and can contaminate neighboring farms, voiding organic certification.” (*Tilth Producers of Washington*)



Whether GE, Conventional or Organic ...

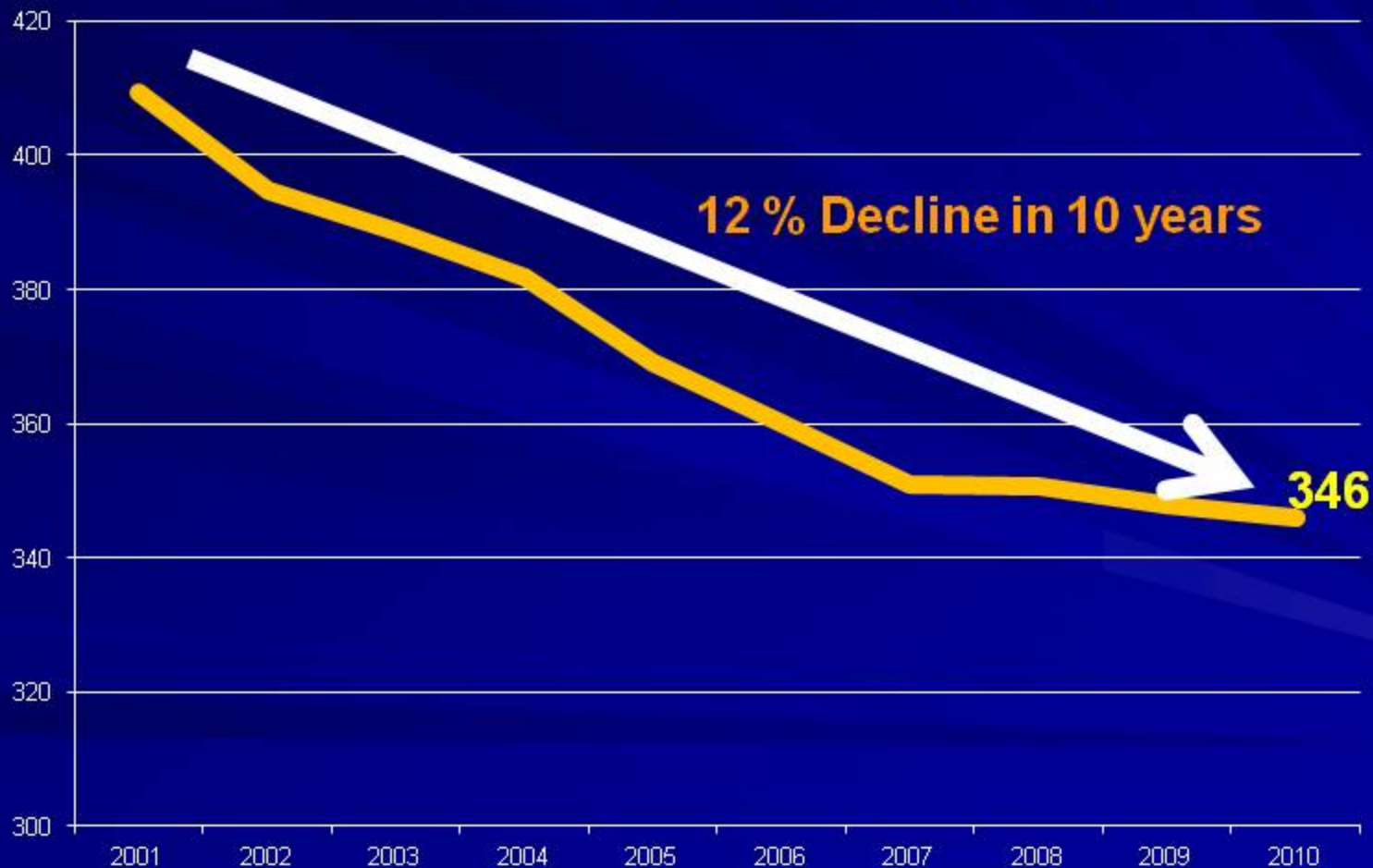
- Now 24.5 billion apples picked each year *by hand*
- Industry expansion is built *on the back of an undocumented workforce*
- **Number One Priority is gaining a legal, reliable and skilled agricultural workforce**



Bearing Acres of Apples 2001-2011

(1,000 Acres)

Bearing Acreage 2001-10 (000's)

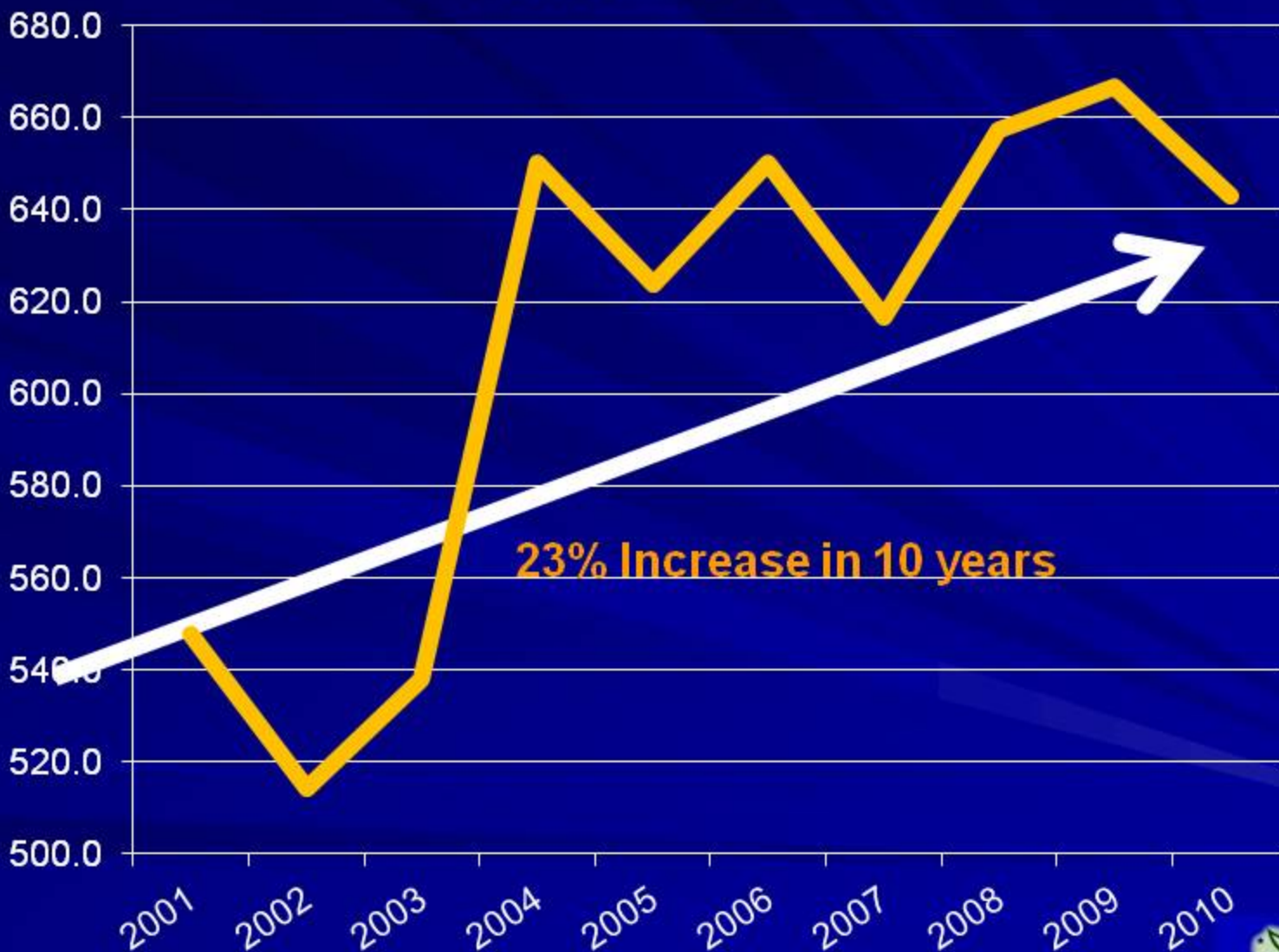


Source: USDA



Yield Per Acre 2001-2011

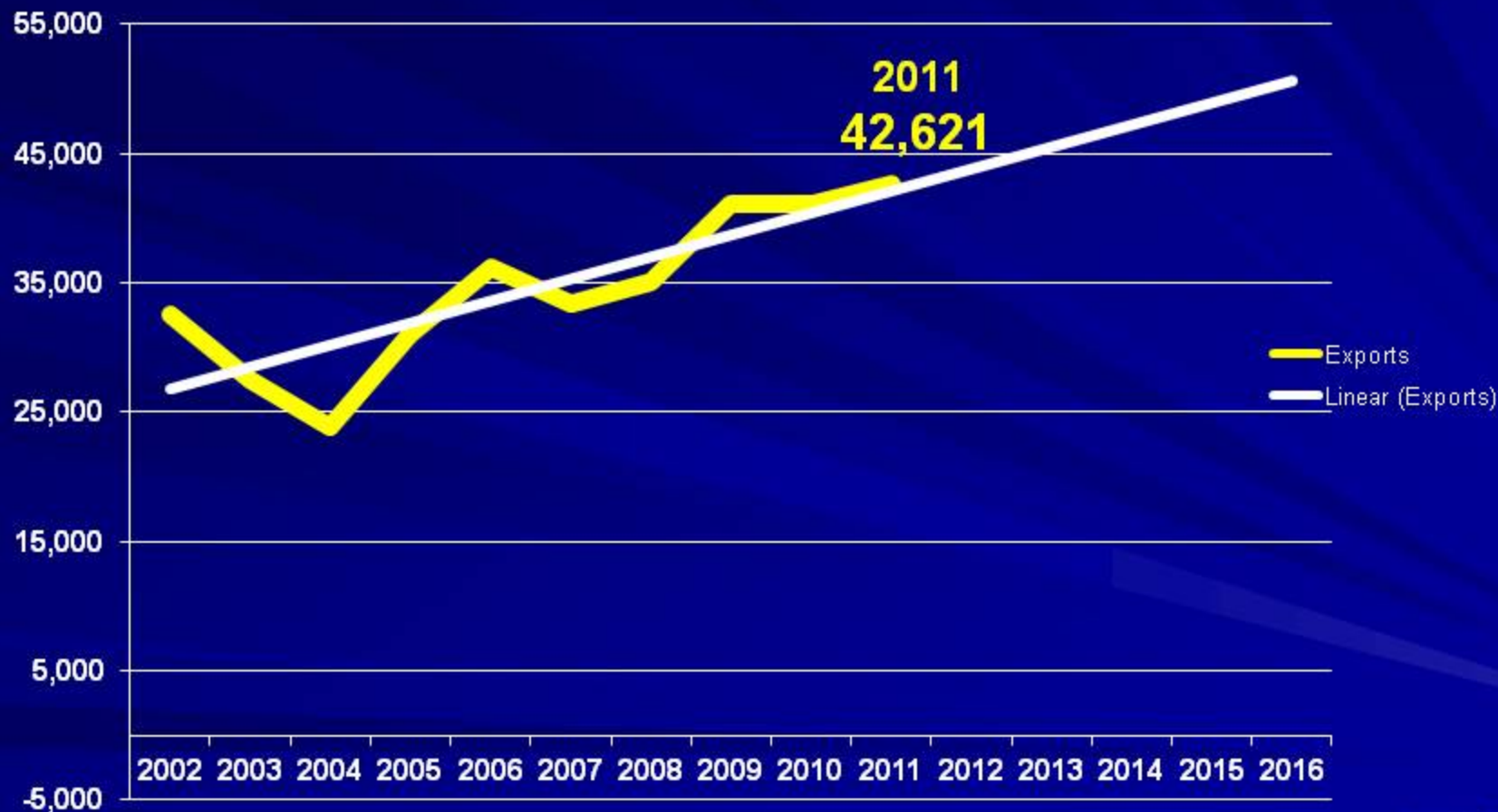
(42 lb bushels)



Source: USDA



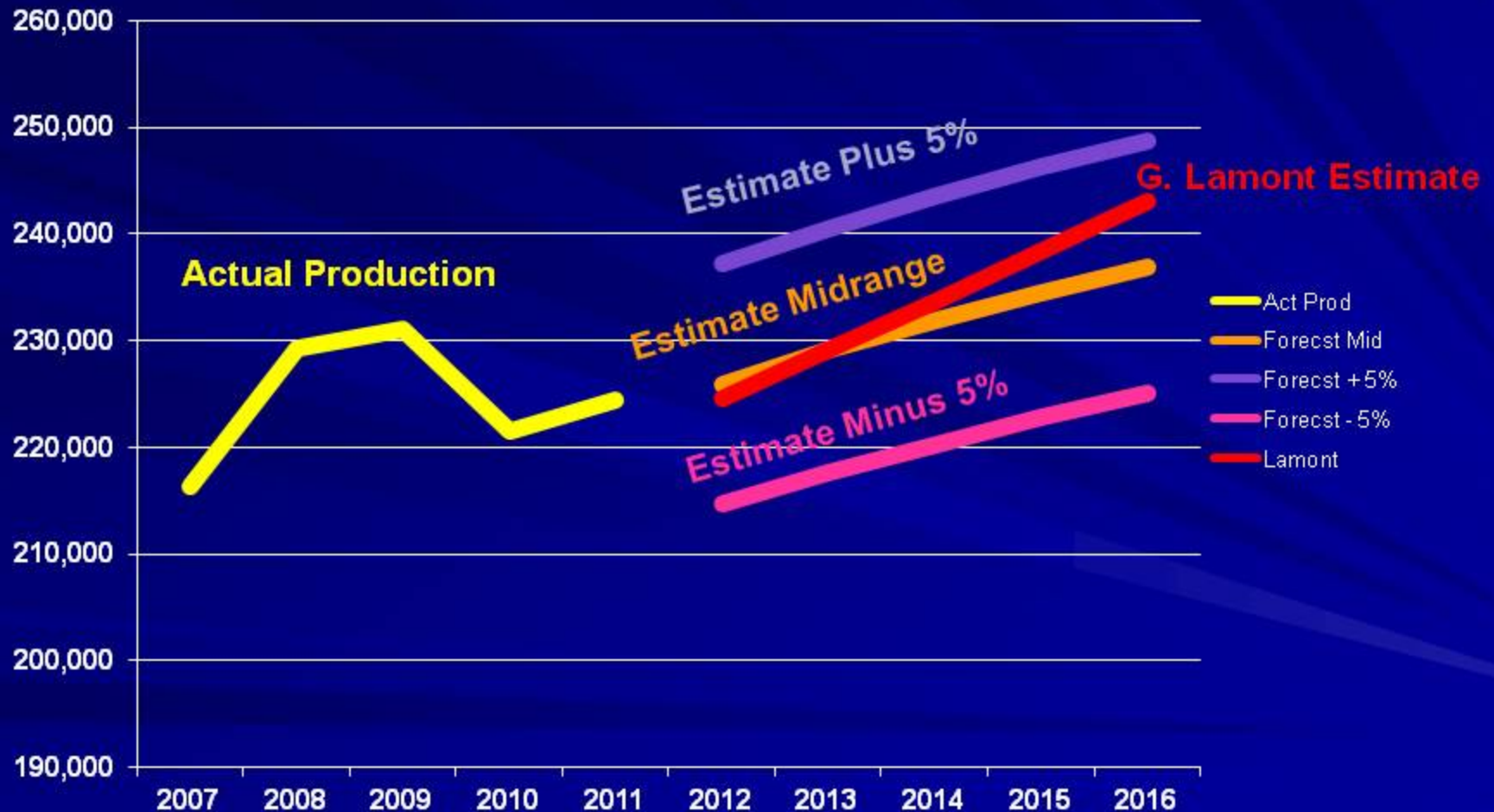
10 Year Fresh Apple Exports Plus Trend Line (000 bu) (2001-2011)



Source: USDA

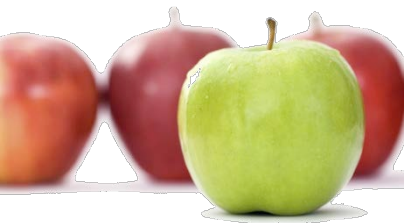


Actual Production 2007 – 2011 *And* *Estimated Production 2012 - 2016*



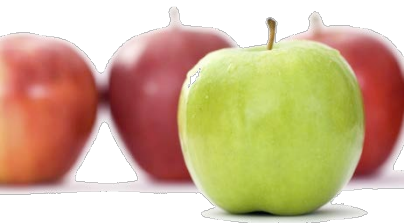
Expansion Ahead ...

**But Who will Pick the
Apples?**



Agricultural Labor Status Quo is Untenable

- Labor Shortages
 - Very tight for 2012 crop
 - Pending Federal & State E-Verify
- I-9 Audits and Enforcement Measures
- Broken H-2A Program
 - Unprecedented delays and rejections
- Ultimate Uncertainty



2012 Election Revealed...

- Still deeply divided country
- U.S. retains split along regional lines
 - NE and West - Democratic
 - South and Plains states - Republican
- Continued anger, R – L polarization
- ***Major population shifts underway***
 - ***Emerging Hispanic voting block***

71% of Latino vote for Obama

“Our journey is not complete until we find a better way to welcome the striving, hopeful immigrants who still see America as a land of opportunity”



President Obama
Inaugural Address
Jan. 21, 2013

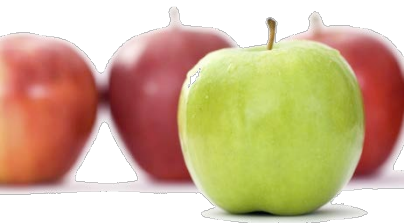


“We must reject the notion that demography is destiny, the pathetic and simplistic notion that skin pigmentation dictates voter behavior ... The first step in getting voters to like you is to demonstrate that you like them.”

Louisiana Gov, Bobby Jindal (GOP)

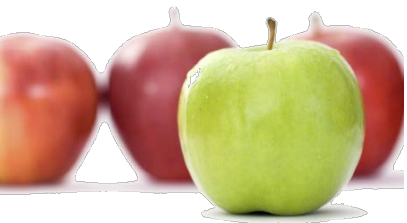
Jan. 24, 2013

RNC Winter Meeting



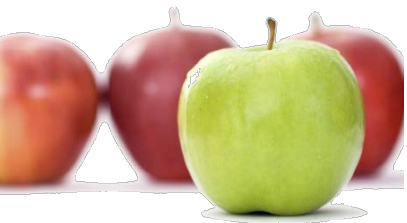
Senator Marco Rubio (R-FL)

“It's really hard to get people to listen to you on economic growth, on tax rates, on health care, if they think you want to *deport their grandmother.*”



The political
mandate of
diversity.

GOP Reset Button?



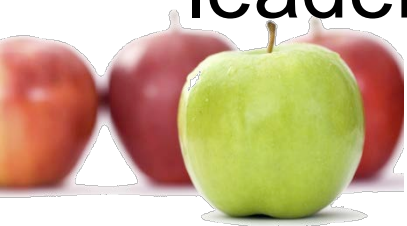
Comprehensive Immigration Reform

- 🍏 Bill being written, House and Senate
- 🍏 Agriculture Leaders
 - 🍏 Sens. Feinstein (D-CA), Rubio (R-FL)
- 🍏 New agriculture coalition
 - 🍏 **Speaking WITH ONE VOICE**



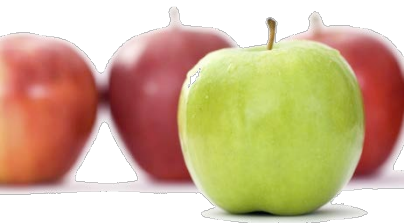
New Agriculture Workforce Coalition

- New ag-friendly guest worker program
- H 2-A remains unchanged
- Legal work status for undocumented in ag
- USApple, American Farm Bureau Federation, United Fresh Produce Assn, American Nursery & Landscape, other leaders



**“If you can’t prune, pick,
pack and process the fruit,
The Choice is the fruit,
little else matters.”**

**Apples will be picked by
foreign workers here or by
foreign workers overseas
and imported.**

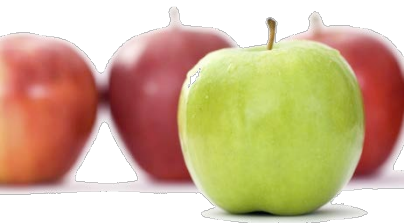




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U.S. Apple Association
February 27, 2013

New Proposed Food Safety Rules

- Exempt:
 - Very small farms (<\$25,000 sales)
 - Farms that sell 100% of their production to processing that has a “kill step” (apple juice, sauce, cider)
- Drip or furrow irrigation exempt from water rules



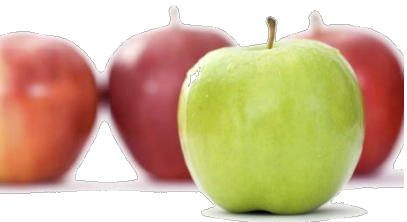
FDA Cost Estimate

- 🍏 1.75 mil annual cases of food borne illness prevented, w/ associated benefit of \$1.04 bil
- 🍏 \$630 mil annual cost
 - 🍏 \$470 mil for domestic farms
 - 🍏 \$170 mil for foreign farms
- 🍏 + \$406.22 mil annually in net benefits

Very Small	Small	Large
\$4,697	\$12,972	\$30,566

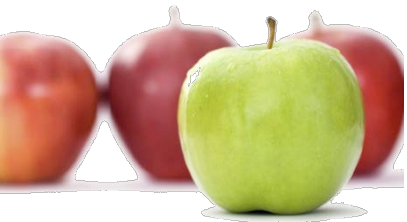
USApple Food Safety Task Force

- Lee Showalter, Vice Chair, Rice Fruit
- Mervyn D' Souza, Member, Knouse
- Task Force is analyzing proposed rule
- USApple will submit comments to FDA on industry impact and recommend improvements



USApple Website – Food Safety

- 🍏 www.usapple.org/producesafety
 - 🍏 Summary of Rule
 - 🍏 Full set of FDA food safety documents
- 🍏 **Tell us the impact – provide your comments to USApple (*Confidential*)**
- 🍏 Login ID – usaamember
- 🍏 Password - fujigala1



got apples?

He's Back!!!



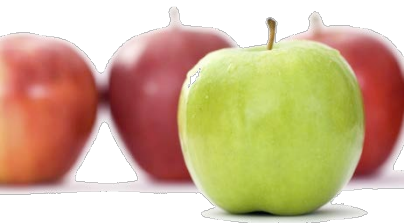
Brown Marmorated Stink Bug

- Farm Bill's Specialty Crop Research Initiative research found **better control methods**, testing a **new predator**
- Produced a **new pheromone** for detection/control
- USApple supports Section 18 emergency exemptions - **dinotefuran and bifenthrin** - incl. PA
- **No MRLs** for these products, so international trade a problem. Registrants seeking to add apples to labels, not happen until 2014-15.



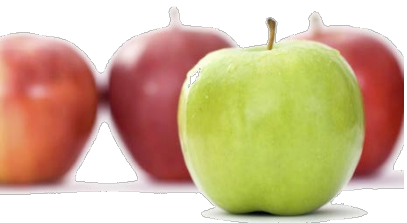
Education, Health Research & Promotion – “Growing Sales”

- 🍏 Promote apples & products to media
- 🍏 Fund, promote health benefits research
- 🍏 Health benefits drive sales
- 🍏 Apple antioxidants linked to:
 - 🍏 Less cardiovascular disease
 - 🍏 More mental acuity, less Alzheimer's
 - 🍏 Reduces cancers, less asthma



Easy as Apple Pie

- 🍏 *“The Only Apple Pie Recipe You’ll Ever Need”* - Social Media launch
- 🍏 Fabulous results in first week
 - 🍏 75,000 visits, 3,000 downloads
 - 🍏 Recipe development
- 🍏 Diverse recipes for 2013 roll-out



2012 Spring Media Tour = Fall Articles

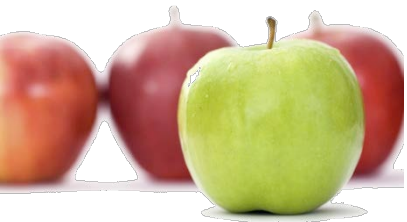


- Family Circle
- Ladies Home Journal
- Men's Fitness
- Weight Watcher's
- Health
- Cooking Light

New Heart Health Research

Ohio State - October 2012

- 1 apple/day lowered LDL blood levels – “bad” cholesterol – **by 40%** in 4 weeks
- NYC Satellite Media Tour
 - Live shows in top 15 markets
- Major national publications
 - NYT, LA Times, U.S. News & World Report, WebMD, Whole Foods Magazine, others



Crisis Communications Program

- Manage Media Crises
- Prevent Market Harm
- National spokesperson
- Defend against attacks
- Crisis Communications Plan



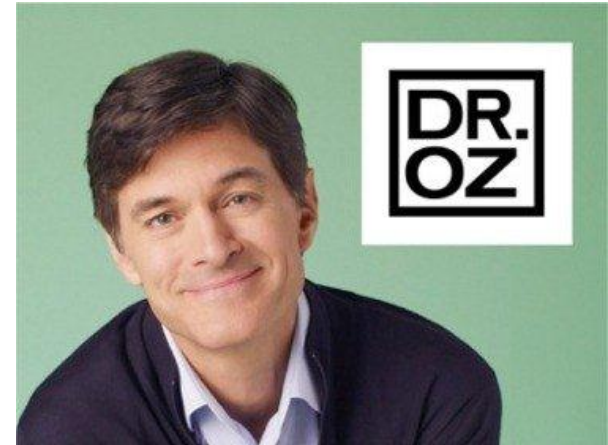
Apple Media Crises

- 🍏 “Dirty Dozen” – Consumer Reports
 - 🍏 Claims conventional apples unsafe – pesticide residues
 - 🍏 **APPLES ARE SAFE !**

**Consumer
Reports®**

Arsenic

- Arsenic -- Dr. Oz & Consumers Union
 - Arsenic in Apple Juice
 - Arsenic detected, CR insists standard must be lower to protect kids
- FDA Reviewing Regulations, may set lower limit in AJ
- USApple Active with FDA



USApple Staff Here Today

Nancy Foster

President & CEO

Diane Kurrle

Vice President, Public Affairs

Mark Gedris

Director, Membership &
Communications

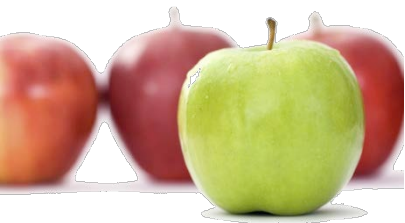
Industry Information

🍏 For all USApple members

🍏 *Market News*

🍏 Published monthly
Nov.-July

🍏 Stocks, varieties,
locations



Market News

Volume 10, Number 1

November 2004

Superb Growing Conditions Boost Fresh Apple Supplies

At 106.6 million bushels, U.S. fresh-market apple holdings were 24 percent greater than November 2003 holdings of 86.2 million bushels, and 20 percent greater than Nov. 1, 2002 holdings, according to the U.S. Apple Association's (USApple) November survey of apple storage facilities conducted Nov. 1, 2004.

Favorable late season growing conditions this year boosted fresh market production in many apple-growing regions, especially in Washington state. This season's greater apple production and higher fresh-market apple holdings are contrasted by lower fresh holdings and lighter apple production in 2002 and 2003. However, when compared to 1999, Nov. 1, 2004, U.S. fresh-market holdings were up 3 percent (see explanatory notes, page 9).

Regional Fresh Holdings

On a regional basis, fresh holdings in the Northeast were 10.8 million bushels, a decrease of 3 percent from holdings on Nov. 1, 2003, and 2 percent higher than the five-year average for that date. Southeast Nov. 1, 2004, fresh holdings were 1.4 million bushels, up 1 percent from holdings on Nov. 1, 2003, and 10 percent less than the five-year average for that date.

In the Midwest, Nov. 1, 2004, fresh holdings were 5.9 million bushels, down 12 percent compared to holdings on Nov. 1, 2003, and down 13 percent from the five-year average. Fresh-market apples in storage on Nov. 1, 2004, were 8 percent higher in the Southwest than on that date in 2003, but 34 percent lower than the five-year average.

Northwest Nov. 1, 2004, fresh holdings were 33 percent higher

than on Nov. 1, 2003, and 16 percent higher than 1999 holdings on that date.

Fresh Holdings by Variety

On a varietal basis, Nov. 1, 2004, fresh Red Delicious holdings were nearly 36 million bushels, a 22 percent increase compared to Nov. 1, 2003, but 21 percent lower than the 1999 holdings on that date.

Fresh Golden Delicious holdings of 14.7 million bushels were up 31 percent from Nov. 1, 2003, but 7 percent lower as compared to the Nov. 1, 1999, holdings.

Fresh Granny Smith holdings of 12.3 million bushels increased 25 percent as compared to holdings on that date last year, and were up 44 percent as compared to 1999 holdings on that date.

Fresh McIntosh holdings of 3.1 million bushels on Nov. 1, 2004, were down 10 percent from the previous year and down 26 percent from the Nov. 1, 1999 holdings.

Fresh Fuji holdings of 12.3 million bushels on Nov. 1, 2004, were up 30 percent from the previous year, and increased 59 percent as compared to November 1999 holdings.

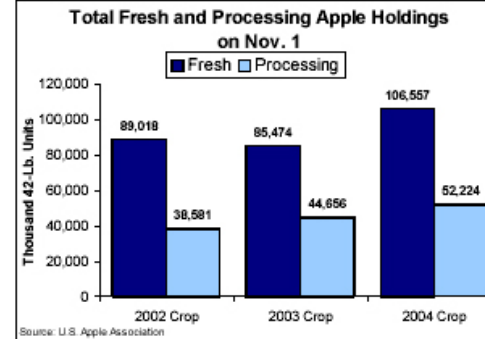
Fresh Gala holdings of 12.5 million bushels were up 45 percent from holdings on Nov. 1, 2003, and increased 113 percent as compared to Nov. 1, 1999, holdings.

Fresh Empire holdings of 2.4 million bushels on Nov. 1, 2004, decreased 11 percent as compared to last year's holdings on that date and were 28 percent less than the 1999 holdings for Nov. 1.

Nov. 1 Total U.S. Holdings

Total U.S. holdings of fresh and processing apples on Nov. 1, 2004, were 158.8 million bushels, a

See *HOLDINGS*, page 8



More Information

- 🍏 Apple News
- 🍏 Weekly Report newsletter
- 🍏 Website
- 🍏 Trade Magazine Columns
- 🍏 “Apple of the Month” Blog, Twitter



Apple News

U.S. APPLE ASSOCIATION

Volume 40, Number 4

May 2009

PUBLIC AFFAIRS

Apple Industry Applauds Introduction of 2009 AgJOBS Bill, Seeks Realistic and Effective Solution

On May 14th Senator Dianne Feinstein (D-CA) and Representatives Howard Berman (D-CA), and Adam Putnam (R-FL) introduced the Agricultural Job Opportunity, Benefits, and Security Act of 2009 (AgJOBS). By allowing growers to retain their most experienced workers while also providing significant reforms to the H-2A program, the bill provides both a short and a long term solution for apple growers and others in labor intensive agriculture.

USApple applauds the introduction of this critical legislation and is working to build the cosponsor list in the Senate and House. In a letter to the legislation's chief sponsors, USApple President & CEO Nancy Foster wrote, "Without this critical legislation, the U.S. could lose much of our domestic apple industry and with it over \$2 billion in farm gate value. Our apples would have to be imported, most likely from China, the world's largest producer of

apples. We've seen what dependence on foreign oil has been like. Can you imagine dependence on foreign food? This is not what American consumers want."

Both the Senate and House versions of the bill include strong support from Members of Congress from apple states.

The legislation has been referred to the Judiciary Committees of both the House and Senate, where the Immigration Subcommittee Chairs

are strong supporters. In the Senate, Subcommittee Chairman Chuck Schumer (D-NY) has already begun holding immigration hearings and plans to hold more in the coming weeks and months. USApple is working with the Committee staff to ensure our story is told.

In April, Virginia apple grower and former USApple Chairman Phil Glaze addressed an agriculture labor briefing hosted by Reps. Putnam and Burman. Glaze offered a realistic perspective on the current labor environment and the pitfalls of the H-2A program. Other speakers included Agricultural Council for Immigration Reform (ACIR) Co-Chair Craig Regelbrugge, ACIR legal counsel Monte Lake and Bruce Goldstein of Farmworker Justice.

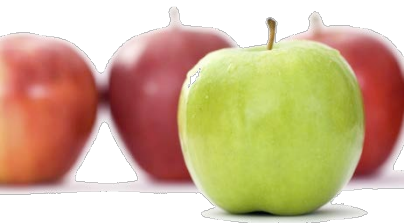
Please contact your Members of Congress and urge them to cosponsor AgJOBS. Go to the USApple website, <http://www.usapple.org/industry/aglabor/index.cfm>. A sample letter called "Co-Sponsor AgJOBS" is provided and will be sent automatically to your Senators and Representatives once you sign up. You will also have the option of adding your own words to the letter if you so choose. 🍏



Apple blooms nationwide, including these in Pennsylvania, launch another apple growing season.

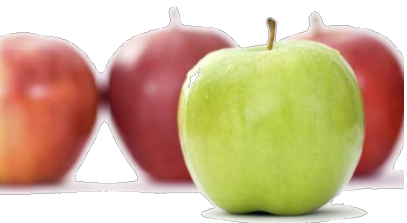
Benefits of Membership

- 🍏 All Pennsylvania growers are members
- 🍏 Tell us by signing up today for:
 - 🍏 National voice
 - 🍏 Access to expert resources
 - 🍏 Tools to grow your business



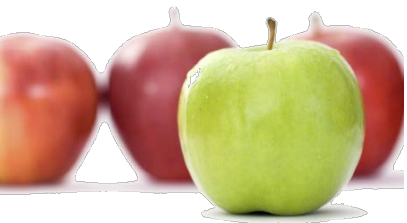
2013 Farm Bill

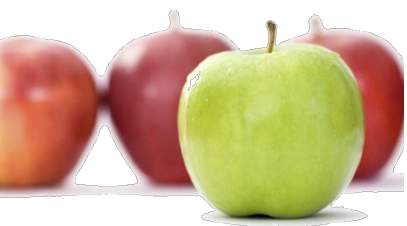
- Same Goals as 2012: Funding for more research, block grants, apples in schools, fight pest and diseases, export promotion
- Congress passed extension until Sept. 30
- Work beginning on new 5-year Farm Bill
- Many new Members of Congress to educate
- Less funding expected

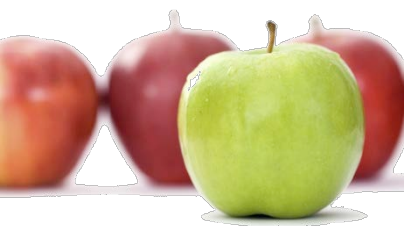


USApple Programs

- Public Affairs - Advocacy
- Crisis Communications
- Health Research Funding & Consumer Education
- Industry Information

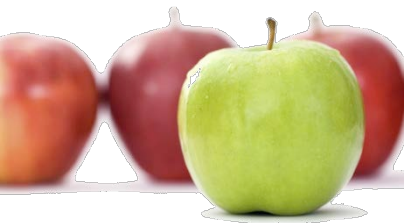






Key Issues: As Directed by USApple Board of Directors

- **Agriculture Labor**
- Farm Bill
- Exports
- Research
- Food Safety
- Crop Protection
- China



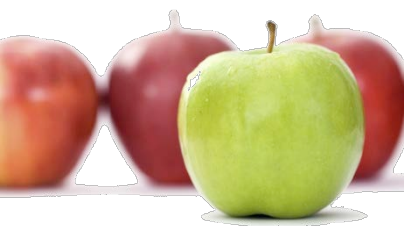
What's Next for Apples ?

- 🍏 Obama: Comprehensive immigration reform bill – soon
- 🍏 New Farm Bill needs passage
- 🍏 USApple active in new ag labor coalition



New Food Safety Proposed Rules

- 2011 – Food Safety Modernization Law
- Jan. 4, 2013 - New produce rule from FDA
 - Good agricultural, packing, storing practices
 - Good manufacturing practices
 - 3rd part coming: rules for imported produce



New Proposed Food Safety Rules

- Harvest equipment and tool sanitation
- Recordkeeping, inspection
- Worker training and hygiene
- Testing water used for irrigation and crop sprays (apple contact)
- Water treatment if grower knows or has reason to believe the water is not safe

