The 2014 Farm Bill and the Apple Industry

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What Do We Know?

- There is a Farm Bill and it has been signed into law
  - Agricultural Act (AA) of 2014
- It is over 930 pages long
  - Will likely be over 20,000 pages long after USDA has written implementation rules for all programs
Disclaimer

• Information provided here is based on my reading of the Bill and other available materials regarding the contents of the Bill

• There may be differences in my interpretation and final regulations
Provisions affecting the Apple Industry

- Risk Management:
  - Tree Assistance Program (TAP)
  - Whole Farm Revenue Program (WFRP)

- Trade:
  - Market Access Program (MAP) & Technical Assistance for Specialty Crops (TASC)
  - Bulk Apple Export to Canada (without inspection)
Tree Assistance Program (TAP)

- 2014 Farm Bill re-authorized TAP
- **Purpose:**
  - To provide financial assistance to qualifying orchardist and nursery tree growers to replant or rehabilitate eligible trees (including apple trees) damaged by natural disaster
- Retro-active to cover eligible losses back to Oct 1, 2011
Tree Assistance Program (TAP)

- **Eligibility:**
  - Trees lost/damaged due to a natural disaster (including plant disease & insect infestation)
  - Must have loss in excess of 15% (adjusted for normal mortality)
  - Loss could not have been prevented through reasonable measures
  - Need evidence of loss (i.e. visual, obvious)
  - Replaced eligible trees within 12 mos.
Tree Assistance Program (TAP)

• Payment Calculation:
  – 65% of actual cost of replanting trees that is in excess of 15% mortality (adjusted for normal mortality) AND 50% of the actual cost of rehabilitation (e.g., land prep, removal costs, etc.) that is in excess of 15% mortality (adjusted for normal mortality)
  – Or, a maximum eligible amount established by FSA (e.g., $8 per tree for tree replacement)
  – Whichever is lesser
Tree Assistance Program (TAP)

- **Acreage Limitation:** 500 acres
- **Payment Limitation:** $125,000
- **AGI limitation:** $900,000
- **Submit application for TAP payments (with documentation) within 90 days of the disaster event or the date when loss is apparent**
Whole Farm Revenue Protection

• 2014 Farm Bill required development of a whole farm crop insurance policy (Title XI, Sec. 11022)

• Primarily because specialty, organic, and diversified crop farmers have historically been underserved
  – Specialty crops: fruits, nuts, vegetables
Whole Farm Revenue Protection

• New whole farm crop insurance policy meant to expand & improve upon previous whole-farm revenue programs:
  – AGR and AGR-Lite

• AGR & AGR-Lite have been lightly used since its introduction in 1999
  – In NC, 3 AGR-Lite policies sold in 2013
Whole Farm Revenue Protection

- In May 2014, the FCIC approved the Whole Farm Revenue Protection (WFRP) pilot policy to be offered by RMA in 2015
- WFRP allows farmers to insure all crops (& livestock) at once, rather than insuring commodity-by-commodity
  - Expands options for diversified producers
WFRP Program Features

• Revenue insurance
  – Revenue coverage from tax records
• Expanded coverage levels from 50% to 85% of gross farm revenue
• Premium subsidy of up to 80% when at least two crops are grown
• Further premium discounts with increased diversification (at higher coverage)
WFRP Program Features

• Expanded coverage to allow incidental processing expenses needed to bring commodity to market
  – Washing, trimming, and packaging costs

• Increased liability limit to $8.5 million
  – Compared to $6.5 million for AGR & $1 million for AGR-Lite
Crop Insurance Update

• For NC, change in varietal groupings:
  – Varietal group A ($51.45): Honeycrisp
  – Varietal group B ($15.55): Cortland, Empire, Fuji, Gala, Jonagold, Macoun, McIntosh, Ozark Gold, Paula Red, Cripps Pink (Pink lady), Red Rome
  – Varietal group C ($10.75): Others
  – Fresh ($13.35)
  – Processing ($4.15)
Market Access Program (MAP)

- 2014 Farm Bill re-authorized MAP
- Purpose:
  - to help US ag. trade groups build export markets by providing technical assistance & sharing the cost of overseas marketing
Market Access Program (MAP)

- In FY13, apple industry received >$5.5 million in export development funds from MAP
- Past MAP Outcomes:
  - ↑ fresh apple exports by 150% since 1986
  - In 2013, 30% of US fresh apple exported ($800 million value)
  - Export promotion in more than 25 countries
Technical Assistance for Specialty Crops (TASC)

• 2014 Farm Bill re-authorized TASC
  – Increased funding $9 million/year

• Purpose:
  – To help overcome phytosanitary and technical trade barriers that prohibit or threaten exports of US specialty crops (including apples)
Bulk Apples to Canada

• 2014 Farm Bill allows bulk fresh apple containers to be shipped without inspection to Canada
  • Exemption to the Export Apple Act
• With 1.5 million bushels of apples shipped to Canada, industry expected to save $500,000 annually
  • Inspection fee savings
Take Home Messages

• In general, 2014 Farm Bill provided considerable support to specialty crops (including the apple industry)
  – TAP, MAP, TSAC, etc.

• WFRP has potential to be an attractive risk management option for apple growers (especially diversified operations)
More Information

• For TAP: See FSA Website:

• For WFRP: See the RMA Website:
  – Note: Sales closing date is 2/28/2015

• NCSU Farm Bill website:
Thank You!

• Questions? Contact:

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