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Documents confirm DOJ investigation into beef processors

The Justice Department and multiple state attorneys general are engaged in an ongoing investigation into potential price fixing by the nation's four largest beef processors, according to [previously unreleased documents](#) acquired by *Agri-Pulse*.

A confidentiality agreement signed by officials from both the DOJ and the Idaho Attorney General's office in June of 2020 confirms that the agencies are looking into claims that Cargill, JBS, National Beef and Tyson Foods coordinated to "reduce fed cattle slaughter, decrease the prices of fed cattle and/or increase the prices of boxed beef."

[Eleven attorneys general](#) and [19 members of Congress](#) sent letters to DOJ earlier that year urging it to look into potential price-fixing in the beef industry after they noticed disparities between the price of live weight cattle and the retail cost of boxed beef sold to consumers. While an unnamed source [told Bloomberg](#) that an investigation was underway, DOJ never acknowledged it publicly.

***Agri-Pulse* obtained the confidentiality agreement and the emails through a public records request to the Idaho Attorney General's Office. These documents — signed by Dorothy B. Fountain, senior counsel and the director of risk management for DOJ's antitrust division — confirm the agency opened an investigation into the four companies.**

Both the DOJ and the Idaho Attorney General's Office declined to comment. A spokesperson for the Nebraska Attorney General's office said they "do not comment on ongoing investigations."

Brett Delange, a deputy attorney general in Idaho, signed the confidentiality agreement, confirming his state's role in the investigation. Nebraska assistant attorney general Joseph Conrad was included in one of DOJ's emails on the

Confidential
FED CATTLE PACKING CIVIL INVESTIGATION
DOJ/STATE CONFIDENTIALITY AGREEMENT

This Confidentiality Agreement ("Agreement") is entered into by and among the Antitrust Division of the U.S. Department of Justice ("DOJ") and State Attorneys General ("States") (collectively, "Parties") with respect to the Parties' civil investigations of potential coordination by Cargill, Incorporated ("Cargill"), JBS USA Holdings, Inc. ("JBS"), National Beef Packing Company, LLC ("National Beef"), and Tyson Foods, Inc. ("Tyson") to reduce fed cattle slaughter, decrease the prices of fed cattle, and/or increase the prices of boxed beef (the "Fed Cattle Packing Investigation"). This Agreement facilitates cooperation between DOJ and the States. It ensures that the sharing of Confidential Information among the Parties does not diminish in any way the confidentiality of that information or constitute a waiver of any privilege; it sets forth certain terms regarding the contribution of resources by the Parties; it clarifies the Parties' intent regarding communications with the public and press; and it gives adequate notice to other Parties of an intent by a Party to enter into settlement discussions or withdraw from this Agreement.

subject, which points to Nebraska's involvement as well.

It's unclear to what extent other states are looking into the case. A comment from a spokesman for the South Dakota attorney general indicated that his office was helping with the investigation, but spokespeople for attorneys general in Arizona, Colorado, Iowa and Montana would not confirm or deny their participation.

Agri-Pulse reached out to the offices of the attorneys general in North Dakota, Wyoming, Missouri and Minnesota, but did not get a response.

Bill Bullard, CEO of cattle producers group R-CALF USA, said it's not unusual for state attorneys general to collaborate with the DOJ on antitrust investigations. For example, he noted that attorneys general from 12 states helped the DOJ block a merger between JBS and National Beef in 2008.

“State attorneys general have a keen interest in ensuring that cattle producers within their states are treated fairly and that the packers aren't violating antitrust laws,” Bullard said. “So there's precedence for state attorneys general to be involved in this very type of a case.”

The companies' top executives have blamed the price disparities between packers and producers on high beef demand, labor shortages and inflation. During a [House Ag Committee hearing in April, all four CEOs denied colluding to fix prices](#).

When directly asked by Rep. David Scott, D-Ga., whether they had conspired with other meatpacking companies to fix prices, Cargill CEO David MacLennan, National Beef CEO Tim Klein and Tyson Foods CEO Donnie King each answered with a firm “No.” Tim Schellpeper, the CEO of JBS Foods, said, “Not that I am aware of.”

A Cargill spokesperson said the company has "fully cooperated with any requests or inquiries pertaining to the investigation." A Tyson Foods spokesman declined to comment on the investigation, though he shared a [statement published by the company in April](#) arguing that market forces were the cause of price disparities.

JBS and National Beef did not respond to *Agri-Pulse's* request for comment.

The case is already two years old, though Bullard said antitrust investigations are often lengthy affairs. But some beef groups and members of Congress are pressing the DOJ to break its long-standing silence on the matter as they grow restless waiting for answers.

The National Cattlemen's Beef Association, which began voicing concerns about potential price fixing in late 2019, called for an update from the DOJ in February after JBS agreed to pay \$52.5 million to settle a price-fixing lawsuit. The company did not admit to any wrongdoing.

"The DOJ has an obligation to finish their investigation," NCBA CEO Colin Woodall [said](#). "Cattle producers do not have years to wait for the government to determine whether there has been wrongdoing, we demand answers now."

Last month, Rep. Cindy Axne, D-Iowa, and six other House Democrats [penned a letter](#) to U.S. Attorney General Merrick Garland that said the “lack of communication or acknowledgment of the investigation is causing concern and further casting doubt on the integrity of the markets.”

A spokesperson for Axne said her office had not yet received a response from the DOJ regarding the letter.



Rep. Cindy Axne, D-Iowa

“Right now, consumers are facing high meat prices and local producers are being forced out of business, and an update on the investigation into the Big Four meatpackers by the DOJ will help us restore market transparency and reinforce our enforcement capabilities,” Axne told *Agri-Pulse* in a statement. “I’m committed to helping Iowa’s local producers keep their doors open, and will continue working on this issue in Congress as this investigation continues.”

This time, USDA will have broad latitude to aid farm debtors

More than a year after [courts forced the Agriculture Department to shut down a debt forgiveness program for minority farmers](#), Congress is set to give USDA wide-open authority to aid borrowers of all races while providing additional aid to victims of past discrimination.

Provisions that Democrats added to their [climate funding package, dubbed the Inflation Reduction Act](#), before it passed the Senate on Sunday [added \\$3.1 billion to the bill for assistance to “distressed” borrowers and another \\$2.2 billion for victims of USDA discrimination](#).

In both cases, there are relatively few restrictions on how USDA determines who qualifies for the aid.

In the case of distressed holders of direct and guaranteed loans, the department is supposed to “provide relief to those borrowers whose agricultural operations are at financial risk.” There would be no limit on the amount of the payments, which could cover the cost of the loans or the cost of modifying them. The section authorizing the program is a single paragraph.



In the case of the second program, the discrimination must have occurred prior to January 2021 and have involved USDA lending programs; payments under the program would be capped at \$500,000 per producer. The program would be administered by one or more “qualified nongovernmental entities” selected by USDA.

Legal experts say the new debt relief should be easier to defend in court than the original program, included in the American Rescue Plan Act, which authorized USDA to make payments worth 120% of a minority farmer's outstanding debt. [Several courts ruled that it was unconstitutional to tie the payments to a borrower's race.](#)

“Because of the lawsuits, it does seem like we needed a policy solution,” said Jessica Culpepper, an attorney with Public Justice, an advocacy group. But she said she’s concerned about the discretion given to USDA to design the programs.

"Without USDA having a lot of transparency and accountability as to how the payments are going out and who the payments are going out to, it remains to be seen if this is going to help remedy the harms of decades of discrimination," she said.

Sarah Vogel, who led a successful class action lawsuit against USDA by farmers facing disclosure in the 1980s and was later involved in a lawsuit that resulted in USDA settling discrimination claims brought by Native American farmers, said the bill was "comprehensive, and it's going to reach many borrowers in need of services or who had suffered discrimination in the past."

The former North Dakota agriculture commissioner is a member of USDA's Equity Commission, which is developing recommendations for USDA to address discrimination.



Sarah Vogel

She noted that many farmers are facing a cash -flow squeeze because of soaring input prices. Producers "are betting the farm, so to speak, each and every year when they put their crops in. I think this is a really great bill," she said.

In addition to the \$5.3 billion in payments to producers, the Inflation Reduction Act also includes \$250 million to help producers get access to land, including producers with heirs' property issues and owners of fractionated land, and \$125 million for outreach, mediation, financial training and other assistance to farmers.

The debt relief provisions represented a victory for the Senate Agriculture Committee's two Black members, Cory Booker, D-N.J., and Raphael Warnock, D-Ga., while also addressing an issue that could have created a funding challenge for the next farm bill, if not addressed now.

"I am incredibly excited that the Inflation Reduction Act clarifies and reappropriates this funding from the American Rescue Plan," Booker said in a statement to *Agri-Pulse*. "By giving USDA the authority to modify debt for distressed borrowers, we will keep family farmers around the country on their farms. For those farmers, particularly Black farmers, who have suffered discrimination, this legislation sets in motion a process to right those wrongs."

Booker said Agriculture Committee Chairwoman Debbie Stabenow, D-Mich., Majority Leader Charles Schumer, D-N.Y., and Agriculture Secretary Tom Vilsack helped get the provisions in the bill.

In a press release, Warnock's office said the bill "includes critical support for economically distressed farmers to prevent harmful farm foreclosures." Warnock is up for election in November.

John Boyd, president of the National Black Farmers Association, said he was "very, very disappointed" with the new debt relief program. "I'm prepared to fight for debt relief for Black, Native American and other farmers of color all the way to the Supreme Court. I'm not going to stop fighting this."

But the Inflation Reduction Act, which the House is expected to clear Friday for President Joe Biden's signature, would replace the ARPA programs for minority farmers and use \$5 billion in savings to pay for the assistance in the new legislation.

Stephen Carpenter, deputy director of the Farmers' Legal Action Group in St. Paul, Minn., said the program for distressed farmers is so broad it basically just tells USDA "to do good stuff on guaranteed and direct interest to provide relief to those borrowers who are at financial risk."

The term "financial risk" also isn't defined by the bill. "Nobody really knows" what that means, he said.

An earlier version of the legislation, dated Aug. 3, provided more specific instructions for making the payments, similar to language that was in the Build Back Better bill the House passed last fall, he said. Farmers considered economically distressed would be eligible to have their debts written off. Other farmers with eligible loans would have qualified for up to \$150,000 in forgiveness.

That payment language wasn't included in the final version of the bill that was released Saturday evening and voted on Sunday.

Aides to the Senate Agriculture Committee didn't respond to questions about why the text was cut, but the final version of the legislation didn't include some provisions that the Senate parliamentarian found violated rules for budget reconciliation bills, which are required to avoid legislating policy changes.

Carpenter said USDA also will have decisions to make in determining who qualifies as a victim of discrimination. There is no beginning date for the discrimination to have occurred, so beneficiaries of previous settlements, some of whom are no longer alive, could potentially qualify, he said.

The Pigford lawsuit that led to a 1999 settlement between the Clinton administration and Black farmers involved claims of discrimination between 1983 and 1997.

Another option would be for USDA to set up a new program allowing farmers to provide evidence of discrimination. But that would be "a very big, expensive" program to implement, Carpenter said. "It's hard to do, and you're gonna make a lot of people unhappy," he said.

Culpepper of Public Justice said it would be difficult for minority farmers to provide evidence for new claims of discrimination. "USDA is not exactly known for its excellent record-keeping abilities" and has acknowledged in court filings its past shortcomings in handling discrimination claims, she said.

The Inflation Reduction Act, which is primarily focused on addressing climate change, authorizes nearly \$40 billion in additional USDA spending for conservation, renewable energy and forestry.

Farmland values surge amid strong crop prices and inflation

The average value of American cropland across the country has risen by about 14% in 2022 as strong commodity prices and inflation eclipsed rising input and other production costs.

It was the second straight year farmers saw substantial increases in the value of their land, with some of the biggest jumps in the Northern Plains, Corn Belt and Lake States, according to new USDA data.

U.S. cropland value this year is averaging \$5,050 per acre – \$630 per acre more than a year ago when land prices were already rising, [USDA's National Agricultural Statistics Service said in its recent annual Land Values report](#).

University of Illinois Professor Bruce Sherrick says he's not surprised by the sharp increase, even saying some of the new NASS results are likely too conservative.

That's a significant statement, given that the average farm acre in Iowa is now worth \$9,400, 21.4% more than a year ago. The largest year-over-year increase for cropland value is in Kansas, where the average price of an acre is \$2,630 – a 25.2% increase from last year.

“We had the signal a year ago that this was going to continue,” said Sherrick. “We had many events that conspired to break loose the farmland market about a year-and-a-half ago, so nothing is unexpected.”



Bruce Sherrick, University of Illinois

Prices began rising, farmers had more money to spend, interest rates dropped and people started buying up land that they might not otherwise have purchased, said Sherrick, who called it a “perfect storm” for increasing land values.

And it's not just cropland. The value of all ag real estate categories is up. Farm real estate, which includes buildings, is averaging \$3,800 per acre, a 12.4% increase over a year ago. And the average pastureland value is \$1,650 per acre, up 11.5%.

The dramatic rise in values, according to American Farm Bureau Federation economist Daniel Munch, is a direct indicator of the health of the American farm economy, but he stressed there are many complicating factors. Rising land values are great for owners, but those also translate into higher rental rates. Together with higher costs for fertilizers, pesticides and seeds, he said, it's very costly to be a beginning farmer.

“In a period of heightened input costs across the board further exacerbated by inflationary pressures, high rent and land costs are yet another hurdle for farmers and ranchers working to produce more crops and raise more livestock,” Munch said. “Fortunately for producers who own land, their equity has increased, but for those just starting out or reliant on the acres they rent to make ends meet, these increases can become an unbreachable barrier to entry.”

Although renters are seeing rates rise along with input costs, they are also profiting from strong prices, says Paul Pittman, CEO of Farmland Partners.

Pittman warns against putting too much stock in the record-high land values over the past couple of years, stressing instead the importance of thinking about the long-term value of investing in cropland. Values mostly rise and then plateau over the years, but they have consistently gone up since the 1970s by an overall average of roughly 5.6% per year.

“Investing in farmland should never be seen as a get-rich-quick scheme,” he said. “If you tried to time it perfectly, you’d just lose money.”

But over time, farmland is one of the best investments there is, Pittman stressed.

“The reason for that is super simple. Global food demand is always increasing, driven by population growth and increased wealth among the lower socio-economic demographic,” he said. “As they get more money, they eat more.”



Paul Pittman, Farmland Partners

And while there may be an ever-increasing population, that’s not the case for the land that farmers need to grow the food on.

“It may sound trite, but they’re not making any more of it,” Pittman said about farmland.

“They’re particularly not making any more of the really good stuff. ... You’ve got this endless increase in food demand in the face of land scarcity and that is what drives farmland values up.”

But it’s a little less clear how cropland values will fare in the nearer term. Taming inflation has become a priority for the Biden administration, and the Federal Reserve is expected to continue raising interest rates.

That could pull back on rising farmland values, but probably not too severely, said Kevin McNew, chief economist for the Farmers Business Network. There are still a lot of questions about how high and how fast the Fed will push on interest rates in its effort to combat inflation, but he says he expects farmland values to strengthen over the next 6-12 months.

“We see farm income continuing to stay elevated – not as high as 2021,” said McNew. “They will back down a little bit this year and into 2023, but we don’t see farm income collapsing like we saw in 2016 and 2020 when things were pretty dismal. We’re in this big inflationary environment that we don’t see easing any time soon. That plays well into farmland as well as farm incomes.”

Farmers Business Network, looking out even further in a new analysis released Tuesday, stressed that “even if farmland values were to soften in coming years the downturn would likely be shallow and not persistent like that of the 1980s.” Now, the organization reasons, “the world’s population has not only grown in number but also become more affluent, creating more protein-

centric diets that drive an increasing need for grain. As such, the most limiting resource in agricultural production – farmland – will likely continue to garner favorable returns.”

Joe Glauber, a senior research fellow at the International Food Policy Research Institute and a former USDA chief economist, says he’s optimistic.

“It’s unclear how long we’re going to have high interest rates, but commodity prices continue to be strong,” he said. “There’s a lot of positive aspects for the farm economy right now.”

Hemp industry struggling four years after farm bill

Four years after the farm bill legalized industrial hemp nationwide, crop acreage is falling as the industry struggles to get regulatory clarity and infrastructure for products derived from the plant’s grain and fiber.

State regulatory and industry representatives say the potential markets for the plant are huge, but a continued lack of clear direction from the federal government, particularly from the Food and Drug Administration, and roadblocks created by USDA regulations, are hindering growers.

The impact on licensed and planted acreage is evident in figures reported by state agencies. Licensed acres nationwide jumped from 78,000 in 2018 to around 500,000 acres in 2019 and 2020 before dropping by about half to 235,000 acres in 2021, according to Beau Whitney of Whitney Economics in Oregon. Based on partial state reporting, he estimates the licensed acreage this year will be about 95,000 acres.

Not all of that is planted, however, as Whitney notes that many growers maintain their licenses even if they don’t plant hemp, in some cases because they have excess inventory that they want to sell.

Earlier this year, USDA’s National Agricultural Statistics Service, in its first-ever survey of the hemp growing landscape, estimated that last year, 33,500 acres were harvested out of more than 50,000 acres planted.

Most of that was for cannabidiol (CBD), for which there is no clear regulatory path. FDA has said repeatedly that CBD or THC products cannot be sold as dietary supplements, nor can any food product to which THC or CBD has been added. CBD is one of dozens of cannabinoids found in hemp and has been touted for its therapeutic properties.

The National Institutes of Health calls CBD "a non-intoxicating and generally well-tolerated constituent of cannabis which exhibits potential beneficial properties in a wide range of diseases, including cardiovascular disorders."

Despite FDA's stance, there has been growth in CBD products, but most in the hemp industry want to see an expansion of the grain and fiber market. The market for hemp-based products is there, but the infrastructure is not.

After the 2018 farm bill was passed, thousands of growers jumped into the hemp market, lured by the promise of a big payday from the highly touted new crop. Production and CBD prices soared. But the market couldn’t handle all the hemp that was produced, and many growers were left with excess supply.

“The recent decline in acreage is largely due to the 2019 surplus production that has not yet been depleted,” Colorado Department of Agriculture Commissioner Kate Greenberg told a House Ag Committee subcommittee July 28.

“Other factors include the economic disruptions caused by COVID-19, additional states producing hemp post-2018 Farm Bill, and the fact that infrastructure for food and fiber production from hemp has largely not been developed,” she said.

Whitney says regulatory uncertainty around the status of CBD has had a ripple effect. Hemp, he says, has been unfairly singled out because it can be used to produce Delta-8 THC, which also has psychoactive effects, but which [FDA says is sometimes synthesized using potentially harmful chemicals](#). Whitney, however, says policymakers do not necessarily appreciate the diverse uses of hemp, particularly in the fiber and grain sectors.

Legislation has been introduced in Congress to increase the amount of total THC to 1% from the current limit of 0.3% delta-9 THC, which would address the delta-8 issue but has also caused delta-8 manufacturers to warn that their industry could be adversely affected.



Rep. Chellie Pingree, D-Maine

Rep. Chellie Pingree, D-Maine, whose Hemp Advancement Act includes the 1% THC level, said at the subcommittee hearing her legislation would also remove the USDA requirement that hemp testing occurs in DEA-registered laboratories, a particular challenge in Maine where there are no such facilities.

Greenberg agreed, saying the 2018 farm bill “placed many significant burdens on hemp producers, including much higher sampling and testing fees, completing required background checks, and [Farm Service Agency] acreage reporting, which is duplicative in nature because it is already reported to the USDA through state reporting.”

Pingree echoed those concerns, noting background checks have been especially burdensome in Maine. “Employees are struggling to get fingerprints that are acceptable by the FBI for criminal history reports,” she said. “One grower told us that he had to be printed five times before it finally worked.” There is only one post office in the largely rural state that does fingerprinting.

And Eric Wang, CEO of multinational firm Ecofibre, said at the hearing that “public statements by FDA officials stating that it is unlawful to sell ingestible hemp-derived CBD products have taken their toll on the industry. CBD commerce and investment have been chilled due to continued inaction at the federal level, impairing economic opportunity for American farmers.”

Whitney said in a piece posted online that the price of both hemp biomass and processed hemp goods “have collapsed since 2019, falling in some instances by 97% by the end of 2021.” He estimates the slowdown in the industry resulted in potential lost revenue of between \$20 billion and \$25 billion in 2021 for hemp grain and feed alone — a market he says “is greater than the entire global cannabis opportunity,” including marijuana.

Nevertheless, “while it is true that fiber and grain are on the rise, data coming directly from state agencies show that hemp for cannabinoid purposes is still the main driver in hemp cultivation and production,” Whitney said in an analysis of NASS’s February report, which Whitney said vastly underestimates the value of the hemp market.

Instead of \$824 million, as NASS estimated, Whitney said the value of sales in 2021 was closer to \$8 billion.

One area generating vast interest is the use of hemp as animal feed. But the path has not been smooth at FDA, which has been reviewing an application submitted by the Hemp Feed Coalition to use hemp seedcake and meal for laying hens.

Raj Kasula, senior vice president and chief nutrition officer at The Wenger Group and a board member of the Hemp Feed Coalition, which applied more than a year ago, said on a webinar Tuesday that FDA’s Center for Veterinary Medicine has asked the HFC to provide more testing data.

The webinar, sponsored by the Association of American Feed Control Officials and the National Industrial Hemp Council, came about after AAFCO, the American Feed Industry Association and other groups warned states not to try to legalize hemp feed on their own.

“Even if a state legalizes hemp for use in animal feed, the use of the ingredient is not yet approved at the federal level,” the groups said in an open letter to ag leaders and policymakers.

“Animal feed containing hemp, as well as human food produced from animals fed hemp, that crosses state lines is subject to federal regulation and could be considered adulterated under the law,” they said.

FDA-CVM’s request for “lower levels of detection of compounds that are physiologically NOT produced” in the seed “is why HFC and the industry at large continues to be frustrated with bureaucratic hurdles strangling the potential of the hemp industry,” HFC said in response. “These feed applications cost roughly \$250,000 each, require years to complete, and are specific to the ingredient and the species. At the current rate of approval, it will be millions of dollars and decades before the government allows the hemp industry even an opportunity to compete in the greater feed market.”

On the webinar, FDA-CVM’s Charlotte Conway, deputy director in the Division of Animal Food, said that “unfortunately, sometimes the results of the study create new questions, and that can result in us having those rounds of questions.”

At the congressional hearing, Brandy Phipps, a professor at Central State University in Ohio, called the FDA-CVM process “unwieldy” and expensive.

“A possible solution to that could be infusing dollars into the CVM, in particular, to streamline that process,” she said.

Inflation Reduction Act offers rural electric co-ops potential to expand renewable energy

Rural electric cooperatives are among the big winners from the Democrats' climate funding package that is headed toward final approval in Congress.

Among its benefits, the Inflation Reduction Act will offer rural electric cooperatives direct access to renewable energy tax incentives that until now have been targeted to for-profit companies.

Some rural electric co-ops, including Trico Electric Co-op in Arizona, have created partnerships with for-profit companies in order to pursue renewable energy projects. Trico successfully developed solar and battery projects with the help of a for-profit third party, says Eric Hawkins, the cooperative's chief operating officer and general counsel.



In Arizona, Trico harnesses the sun. In other places, renewable credits may be used for wind turbines. (Courtesy Trico)

But the ability to get the tax incentives in direct payments under the IRA could be a game-changer for rural co-ops, he says.

Getting direct payments will "eliminate a lot of the administrative hurdles that we had to go through," he says. "We've gotten pretty good at it. But it'll be nice to be able to just have the tax incentive directly." Hawkins says Trico's membership is growing and that means more demand, with the same mandate to provide efficient, reliable energy at an affordable price to rural ratepayers.

"It would help us save money on being able to add renewables to our resource mix," Hawkins says. He expects it also would cut down on transmission costs, which ultimately would reduce what co-op members have to pay.

"We're still reading through the 700 pages to make sure that there's not something that, you know, causes an issue there. But I think that the developers that we're talking to are certainly very excited about this."

The bill also earmarks \$9.7 billion for the Agriculture Department to provide [grants to rural electric co-ops](#) for clean energy and energy efficiency projects.

Eligible projects would include power storage, carbon capture and nuclear, according to the National Rural Electric Cooperative Association. Co-ops could get a grant for up to 25% of project cost. The grants would be capped at \$970 million per co-op.

The House is scheduled to vote on the bill Friday. If it passes, it will go to President Joe Biden for his signature.

NRECA pushed hard for co-ops to have direct access to the tax incentives for solar and wind power.

Louis Finkel, vice president of government relations, says as recently as this spring, representatives from co-ops all over the country were in Washington advocating for direct pay incentives. Finkel says this government investment will make rural renewable energy more viable.

“When you serve 92% of the persistent poverty counties in the country, electric cooperatives are providing power to our most vulnerable communities that can least afford big jumps in power bills,” he says. “Bringing more federal support to allow for a reasonable and thoughtful deployment of new resources is what's going to maintain both that reliability and that affordability.”



Cotton grows beside a solar farm.
(Photo: Elliott McDowell)

The network of rural electric cooperatives goes back more than 80 years to the era of rural electrification. Then, as now, the cost of power breaks down to more per household when there are fewer households on a line. With passage of the bill, co-ops will be looking at a different calculation as they evaluate which renewable projects to pursue.

“This will absolutely help them, give them a lot to consider and, in some instances, accelerate it,” he said.

In Iowa, Central Iowa Power Cooperative generates, transmits and distributes power to more than half the state’s counties. Vice President of Communications Kerry Koonce says direct pay incentives will level the playing field for cooperatives and other non-profit utilities.

“In theory, that's removing potentially a third party. We believe that it would be a cost savings for us, which we would pass on to our member systems,” she says. “And it creates an energy environment where local Iowans are receiving local energy with local control.”

Fueled by venture capital, 'beanless' coffees so far dodge labeling complaints

Recognizing that climate change is challenging coffee production, and the high carbon footprint of the daily habit, food tech start-ups have hit the lab to produce something that will provide the same sensation — and kick — with less environmental impact.

Seattle-based Atomo Coffee recently secured an additional \$40 million from S2G Ventures, AgFunder and Horizons Ventures to scale up production of its canned cold brew products. Ed Hoehn, head of growth at Atomo, says the production of “classic black” and “ultra smooth” products uses 94% less water and has a carbon footprint 93% smaller compared to conventional cold brew coffee.

There’s a fundamental difference: Atomo products contain no coffee.

“We're still made from natural ingredients,” Hoehn tells *Agri-Pulse* in an interview. “We're still a delivery mechanism for caffeine, but are heavily focused around taste and sustainability.”

Atomo is not the only food tech company targeting the daily cuppa joe. Oakland, Calif.,-based Voyage Foods has secured [upward of \\$36 million in venture capital](#), according to the San Francisco Business Times. It bills its coffee beverage as “bean-free” and both companies use proprietary science to develop their drinks.

For now, the start-ups marketing climate-friendly coffee have not faced challenges to their use of the word “coffee.” That’s a contrast with alternatives to dairy milk, which have prompted pushback on labeling. Milk has a [standard of identity with the Food and Drug Administration](#),



Atomo Coffee's Ed Hoehn

giving it a place from which to argue products that don’t meet the standard should not be allowed to use the word. [Lawsuits have been filed](#) and similar arguments are being made over use of the word “meat” with plant-based products.

“Atomo challenges the notion there is a standard identify for coffee. It is more of an experience surrounding an expected taste and caffeine pickup,” Hoehn says. He argues it’s like tea, which once came from a specific plant but is now a word used to describe other infusions that come from many different plants. “Atomo was designed using natural ingredients at a molecular level replicating the same structure as coffee.”

The National Coffee Association (NCA) challenges the notion of a beanless or bean-free option. "Coffee starts with coffee beans grown by coffee farmers, and coffee supports the livelihoods of more than 125 million people around the world. Anything else is just 'fake brews.'" president and CEO William Murray says in a statement to *Agri-Pulse*. He adds that around the world the coffee industry is actively working toward more sustainable practices.

"Research and innovation in coffee production, plant health, and resilience is helping coffee farmers meet growing global demand sustainably," he says. NCA partners with the Sustainable Coffee Challenge and World Coffee Research. "Other beverages may be interesting, but they aren’t coffee and they don’t have the same benefits for coffee farmers or coffee drinkers," Murray says.

With wider commercial release of its inaugural products — an oat milk latte is the third flavor on the market — Hoehn says the company has also tilted its branding to emphasize the “beanless” rather than the “molecular” aspects of its beverages, though he insists at the molecular level the drinks have “all the same properties as coffee.” The cans themselves also tout the “upcycled” ingredients, which include date seed extract, chicory root extract, grape extract, inulin, natural flavors and caffeine.

The caffeine content is 84 mg in 8 ounces (close to the [average of 100 mg/8 ounces](#) among other brands of canned cold brew).

With leadership from a food scientist, Hoehn says Atomo has worked to achieve the smell, taste and mouth feel of coffee using raw materials that largely would have otherwise been composted. This year they’re even building a second production facility in California’s Coachella Valley, source of a key ingredient: date pits.

“We take date pits, we process them, we dry them, we grind them and soak them in a proprietary blend of other ingredients many of which are also upcycled,” he says. “We then air roast them through the same roasting process as you would with a coffee bean.”

Without the need to ship heavy coffee cherries around the world, Atomo finds some instant savings on transportation. Other savings come from lower water use during processing, Hoehn says. And taste tests have shown Atomo's cold brew can compete on the shelf. “We're really excited with the results that we've had from that,” he says.



The grounds of Atomo Coffee's proprietary cold brew. (Courtesy: Atomo)

Agri-Pulse received some samples and conducted a small, nonscientific taste test. With Atomo's two black cold brews side by side with a traditional canned one purchased at the store, the three testers did not immediately distinguish the beanless from the conventional drink. The slight caramel tone of the “ultra smooth” came through, distinguishing it from both the Atomo “classic black” and the regular coffee. But the use of the word “upcycled” on the packaging drew some concern — it's perhaps not where even environmentally-conscious coffee drinkers want their minds to go, one tester suggested. The “tastes great does good” message resonated, striking testers as a clever way to grab shoppers' attention.

Hoehn is confident Atomo has a bright future despite general economic challenges. Waste converts to raw materials without a hit from inflation and a shorter supply chain protects the company from delays others are contending with.

“There's some really nice areas of this business that tend to be somewhat insulated from a lot of what's going on in the world today,” he says.

News Briefs:

Groups encourage biofuels in CARB fuel standard revisions. Groups representing renewable fuel production are encouraging California regulators to consider the role liquid transportation fuels — and biofuels in particular — can play in carbon-reduction efforts in the state. In comments submitted to the California Air Resources Board, Growth Energy and the Renewable Fuels Association separately say biofuels have already played a role in the effectiveness of California's low-carbon fuel standard. “Already, we’ve seen biofuels provide the foundation for the LCFS,” Chris Bliley, Growth Energy's senior vice president of regulatory affairs, said in a statement. “In fact, biofuels like bioethanol have generated more than 75% of LCFS credits. As recently as 2020, bioethanol was the largest LCFS volume and second-largest credit generator. Additionally, even with room to further improve GHG lifecycle modeling, the LCFS recognizes the significant improvement in bioethanol's carbon intensity.” In his comments, Bliley also encouraged the use of higher ethanol blends to lower greenhouse gas emissions. He applauded CARB's recent E15 emission evaluation and explained the positive contribution E85 infrastructure could have on emissions. For her part, Kelly Davis, RFA's vice president of technical and regulatory affairs, said the group “supports California's goal of carbon neutrality by 2045. “This is an aggressive, but achievable goal that will require a broad portfolio of low- and zero-carbon fuel solutions,” she said. “The LCFS is a centerpiece policy in

California's decarbonization efforts and modifying and extending the LCFS regulation beyond 2030 is necessary to achieve carbon neutrality." California was one of the first states to pass an LCFS into law, leading to demand for biofuels production from across the nation as the state looked to decarbonize its vehicle fleet. While many in biofuels policy ponder the prospects of an LCFS in more states — or perhaps nationally — California is considering updates to its own and hosting workshops to discuss how to best achieve its goals to increase carbon intensity reduction targets by 2030. CARB's second public workshop to discuss potential changes to the LCFS will take place Aug. 18.

Gene editing technology agreement signed for biofuel advancement. A new licensing agreement between three parties will allow CRISPR-Cas9 and similar gene editing tools to be used to produce camelina varieties for biofuel advancement. Corteva Agriscience, Broad Institute of MIT and Harvard, and Sustainable Oils, a subsidiary of Global Clean Energy Holdings, Inc. are the three parties in the agreement. They said the technology will be used to further develop camelina for energy use. "We are excited to add CRISPR-Cas9 technology to accelerate our camelina breeding practices," Jerry Feitelson, chief scientific officer of Sustainable Oils, said in a press release. "Using this powerful plant breeding innovation, we expect to further expand our IP portfolio of advanced camelina varieties, which is already the largest in the world. Through state-of-the-art breeding methods, optimal agronomic advances, and large-scale logistics we hope to drive the carbon intensity of our finished fuels close to or below zero." [Camelina has been eyed](#) as a biofuel feedstock that can also function as a cover crop, allowing producers to practice soil health practices while also generating a harvestable crop. Sustainable Oils said the agreement allows it to target specific traits for crop improvement. The company said it hopes to increase oil yield, speed up maturity and improve drought resistance. Overall, its goals include creating a more efficient crop with a lower breeding cost.

Corn on display as MLB plays another 'Field of Dreams' game. Viewers across the country will see an unfamiliar backdrop in the outfield of an upcoming Major League Baseball game: corn. The Chicago Cubs and Cincinnati Reds will square off Thursday in MLB's second Field of Dreams game, a contest that will be played on the site of a cornfield near the set of the iconic 1989 Kevin Costner film in Dyersville, Iowa. Last year's game — a thriller between the Chicago White Sox and New York Yankees — drew 6 million viewers and was the most-watched regular season baseball game since 1998. The game also featured a cinematic opening sequence featuring Costner walking through the venue only to be joined by some of the game's players as they emerged from the corn in the outfield. The event was named the "Sports Event of the Year" by the Sports Business Journal. The outfield backdrop will feature 159 acres of corn surrounding the ballpark. Much of the crop will be lit by an LED system, and according to MLB, retro logos for the Cubs and Reds have been cut into the corn past the right field fence and will be highlighted in aerial coverage during the game. On Tuesday, Iowa Gov. Kim Reynolds granted Dyersville's request for more public funding to build a permanent stadium at the site. She announced an allocation of \$12.5 million to This is Iowa Ballpark, a nonprofit that is building a multi-use stadium.

Farm Hands on the Potomac:

Ken Seitz has been tapped as the new president and CEO of Nutrien. He will also join Nutrien's board of directors. Seitz has been serving as the interim CEO since January and brings 25 years of experience in global management. Before being asked to step in as interim CEO in January, Seitz was Nutrien's executive vice president and CEO of potash at Nutrien Limited.



Ken Seitz, Nutrien

Valent U.S.A. has selected **Dave Poling** as vice president of marketing. He previously worked for BASF as manager of regional marketing at BASF's Research Triangle Park, North Carolina. While with BASF, he held many positions including global segment team lead responsible for Europe, Asia, North and South America, and head of global marketing based in Limburgerhof, Germany.

Marty Tatman has been promoted to senior director of member engagement at the American Farm Bureau Federation. He was previously director of member engagement and before that, he worked for the National FFA Organization as an education specialist.

Lillie Zeng is leaving the Senate Agriculture Committee where she served as Chairwoman **Debbie Stabenow's**, D-Mich., press secretary. Zeng is not announcing her next move at this time. **Patrick Delaney** will be the media's point of contact for Chairwoman Stabenow.



DeShawn Blanding,
Senate Ag Committee

DeShawn Blanding has returned to the majority staff on the Senate Agriculture Committee as a legislative assistant covering the portfolio for commodity exchanges, energy, credit, and rural policy. He most recently worked for the Rural Coalition as a policy and strategy specialist. Before that, he was a staff assistant on the Ag Committee.

Peter Hoffman is moving to the Senate Environment and Public Works Committee as the communications director for Sen. **Shelley Moore Capito**, R-W.V. Hoffman currently serves as Capito's press secretary in her personal office.

Jan Ernst de Groot has been appointed to the newly created role of chief sustainability officer for food retail company Ahold Delhaize. He previously was the chief legal officer.

Caroline Snell has been brought on to Michael Torrey Associates as a policy coordinator. Snell, who previously worked as an intern for MTA, is a Florida native and earned a bachelor's degree in food and resource economics from the University of Florida. She is currently pursuing a master's degree in public policy at American University.

Ryan Goodman now serves as the director of communications and community engagement for Certified Angus Beef. Goodman has previous experience working for the National Cattlemen's Beef Association as the director of grassroots advocacy and spokesperson development.

The Minnesota Biofuels Association has hired **Brian Werner** as its new executive director. For the past eight years, Werner has worked for Sen. **Amy Klobuchar**, D-Minn., most recently as

the deputy legislative director. He handled the portfolio for renewable energy, agriculture, trade, forestry, conservation, natural resources and public lands.

Kerry Cebul has been tapped as the new chief executive officer of Ostara, a fertilizer and nutrient management company. He comes to Ostara from Grosvenor Food and AgTech, where he supported the firm's expansion into the U.S. He was also a founding member of a sustainable farmland investment and management firm, SLM Partners.



Caroline Snell, Michael Torrey Associates

The Department of Agriculture has appointed 14 members to serve on the Plant Variety Protection Board. The newly appointed members will serve two-year terms. Serving as the farmer representative is **Brent Robertson** of Nebraska. Appointed as a private or industry representative are: **Audrey Charles**, Illinois; **Barry Nelson**, Iowa; **Heidi Nebel**, Iowa; **Paul Nelson**, Missouri; **Eloy Corona**, North Carolina; **Patricia Olosky**, Pennsylvania; and **Michelle Bos**, Washington. Serving as a public or government representative will be: **Jenny Koebernick**, Alabama; **Andrae McMillian**, Alabama; **Felicia Jefferson**, Georgia; **Peggy Ozias-Akins**, Georgia; **Shubo Zhou**, Maryland; and **Albert Tsui**, New York.

[Rep. Jackie Walorski, R-Ind., and two of her staffers](#), communications director **Emma Thomson** and district director **Zach Potts**, died last week in a car crash in Indiana. Walorski's funeral will be held Aug. 11, at 11 a.m. ET at Granger Community Church in Granger, Indiana. A visitation will be held at the church Aug. 10, from noon to 7 p.m.

North Dakota native **Maynard Duane Helgaas** passed away on Aug. 2 of complications from Alzheimer's disease. He attended North Dakota State University to play football and was a member of the Alpha Gamma Rho fraternity. He graduated with a degree in agriculture economics in 1958 and began his career as a county extension agent, later purchasing a John Deere implement dealership. He grew the business to six John Deere dealerships, a New Holland dealership, a diesel service business, an agriculture supply and service company, an irrigation equipment company, and a leasing company. After 30 years in the family business, he retired in 1994 and spent the next six years as president of the Central Dakota Growers.

Best Regards,

Sara Wyant
Editor

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