

**Taken from**

**ECONOMIC IMPACTS AND SOLUTIONS**  
Clearing the Air in the CDFA, USDA Pesticide Spray Program  
On Nine Northern California Counties

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## **Faulty Crop Damage Projections**

Rather than access recent hard economic data, the CDFA uses figures from 1993-1994 in Australia, when growers were using the old organophosphate pesticides, to estimate that California crop damages due to LBAM might reach \$133M annually. As we looked more closely into these calculations, however, we discovered that only 11% of total production costs for LBAM was attributable to actual crop damage, and the rest was for research and treatment. If we use this 11% figure, the actual estimated crop damage from LBAM in California, *if there were to be any*, could be \$14 million instead of \$133 million. Since New Zealand and Australia stopped using organophosphate pesticides in the 1990's, LBAM has not caused any significant damage to crops. The CDFA has since raised the damage estimate to \$640 million, but with no apparent explanation. (See Appendix B)

### **APPENDIX B**

#### **FAULTY ECONOMICS IN USDA/CDFA CALCULATIONS OF POTENTIAL CROP LOSSES TO CALIFORNIA AGRICULTURE**

Most of the justification for possible alleged economic losses due to the light brown apple moth (LBAM) in California cited by the USDA and CDFA, was from outdated Australian statistics for the years 1993-1994. This data was taken from one report titled "Pests and Pest Management Impact on Climate Change – A Report for Rural Industries Research and Development Corp." by Dr. Robert Sutherst, Entomologist, report date 2/2000.

The following State and Federal agencies used the same identical information from the Sutherst report for the years 93/94 in all of these reports regarding LBAM eradication program as the basis and justification for possible economic damage to California crops:

- 1) CDFA- document titled, "Finding of Emergency" March 21, 2007.
- 2) CDFA – document titled, "Dept. of Food and Agriculture Proposed Changes in Regulations. March 21, 2007.
- 3) LBAM Act Senate Bill #556 – Effective 9/7/07.
- 4) USDA-APHIS-PPQ-FERAL – "Economic Analysis: Risk to US Apple, Grape, Orange and Pear Production from Light Brown Apple Moth" 11/07.

5) CDFA “Proclamation of an Eradication Project against the Light Brown Apple Moth” dated 9/28/07.

Sutherst used statistics from the Australian Bureau of Statistics for two years – 1993/94 - to project likely impacts of climate change on two pests – LBAM and Queensland fruit fly. This report stated that the growers of apples, oranges, pears and grapes spent a total of \$17,310,000 on LBAM but this was mostly for research and control. Only about 11% (\$1,973,000) of the total costs of production was attributable to actual crop damage caused by LBAM. These statistics were absent from all of the USDA/CDFA reports.

Relevant to this discussion, but obviously missing from all of the five US reports listed above, was Sutherst’s conclusion that the government of Australia had very modest expenditures on LBAM and the majority of expenditures were for research.

Almost the exact identical statement below (taken from the Sutherst report), was found in the five CDFA, USDA and LBAM Act documents above:

“It was estimated for Australia that LBAM causes AU\$21.1 million annually (*which is actually 12.4M in American dollars*) in lost production and control costs, or about 1.3% of gross fruit value for apples, pears, oranges and grapes when compared with 1993/1994 gross fruit value of \$1.633 billion.” This exact statement was used in USDA/CDFA reports except for the last line – “when compared with 1993/1994 gross fruit value of \$1.633 billion.” Why was this line excluded with reference to the years 1993/1994?

Based on the Australian economic data from the Sutherst report for the years 1993/1994, the government documents listed on page 1 concluded the following:

“Applying this percentage to 2005 gross value of these same crops in CA of \$5.4 billion (USDA 2006), the estimated annual production costs would be \$70.2 million. Additional costs for other fruit crops would add additional costs of \$63.1 million based on their 2005 gross value of \$4.8 billion. Therefore total lost production and control costs could be \$133 million for all crops.”

Words like could, would, imply pure speculation.

*However, if we use the same Sutherst figures which showed only 11% of total production costs for LBAM was attributable to actual crop damage, the actual estimated damage from LBAM in California could be \$14 million instead of \$133 million. And this is based on the assumption that we would have the same total expenditures for LBAM in California that were found in Australia for the reported years 1993-1994. This was a huge assumption to make based on inadequate, inconclusive Australian data, when they were extensively using organophosphate pesticides which tend to wipe out beneficial predators and induce pest imbalance. (Even if we used the \$160M - \$640 million figures that El Lissy (USDA) and Kawamura (CDFA) began using later, calculating 11% of that would still have crop damages at \$17.6 - 70.4M, because the remainder, according to their own out-dated data, would have been research and treatment.)*

In an Environmental Assessment report of September 2007, Osama El-Lissy, the Director of the U.S. Dept of Agriculture Emergency Management Office, gives some very large values for the potential cost of crop damage from the light brown apple moth. In the third paragraph on page 9 of his report he makes the claim of \$640M for the cost of crop damage and control costs in the eleven costal counties affected so far by the LBAM. He goes on to claim a California cost of up to \$2.4 billion annually if the LBAM spreads throughout the State.

These costs are inaccurate. First compare the cost to the total value of all California agricultural exports. In that same paragraph, El-Lissy states that the total value of California agricultural commodities shipped around the world in 2003 was \$7.2 billion. The amount of \$2.4B is one-third of the total value of all California agricultural products. The percentage of the LBAM cost relative to the total value of the agricultural products is inaccurate.

The Australian report by Dr. Robert Sutherst entitled “Pests and Pest Management, Impact of Climate Change” states that the cost of LBAM control, quarantine, and research is only 1.3 percent of the gross fruit value (page 17). The Sutherst report should be well known by Mr. El-Lissy and his staff. Using the value of 1.3 percent gives a cost of \$93M for all costs to the state of California for LBAM control, not \$2.4 billion. This works out to less than \$3 dollars each for the 36 million people living in California.

USDA/CDFA are planning on spending approximately \$100M – 500+M just on spraying – which won’t eradicate the moth, and the moth has done no damage.

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