

Hemp: ‘It’s sort of an upside-down business model’

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to the Oregon Department of Agriculture.

“There’s a lot of biomass still out there and growers aren’t getting paid for it,” said Ken Iverson, a hemp farmer and processor in Woodburn, Ore. “The demand never caught up with the supply.”

The hemp industry overestimated the appetite for cannabidiol, or CBD, a compound considered to have anti-inflammatory and other healthful properties, Iverson said.

Nationwide, farmers planted more than 500,000 acres of hemp while only about 20,000 acres were sufficient to satisfy the CBD market, he said. “It’s still way out of balance.”

A survey of hemp farmers by Whitney Economics in 2019 found that 65% didn’t have a buyer for their crop, while a similar survey in 2020 determined 54% of processors also did not, said Beau Whitney, an economist who founded the firm and studies the industry.

When processors lacked the funds to extract CBD oil, they began charging farmers for the service rather than convincing product manufacturers to invest more money, he said. “It’s sort of an upside-down business model.”

Oregon and other states that jumped into hemp early have pulled back on acreage, but that didn’t cause a major national contraction in 2020 because other states ramped up their production, Whitney said.

Though the nationwide hemp industry is likely to decrease acreage in 2021, some distressed farmers and processors are trying to salvage their investment by selling



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below the cost of production — resulting in a “race to the bottom” in prices, he said.

“That’s scaring away people,” Whitney said.

There’s been a “domino effect” of plummeting demand through the hemp supply chain, all the way to seed production, said Jerry Norton, an industry consultant in Salem, Ore.

With the CBD market “flooded,” buyers aren’t following through on commitments, he said. “People are taking the contracts and wiping their butts with them and throwing them in the toilet.”

Despite the economic turmoil, Norton said he’s hopeful that other

uses for hemp — such as livestock feed and biodegradable plastic — will firm up the crop’s market over time.

“There are a lot of other things we can do,” he said.

By 2030, demand for such hemp products may spur the crop to 9 million acres at the national level, with only 3% dedicated to CBD production, said Whitney, the economist. Currently, about 82% of the 500,000 hemp acres in the U.S. are intended for CBD.

The demand for CBD will strengthen if the U.S. Food and Drug Administration decides to allow the compound to be marketed as a dietary supplement, rather than

strictly a pharmaceutical, said Seth Crawford, a hemp seed breeder near Monmouth, Ore.

Unless that happens, the industry will continue operating in a gray area that discourages investment, he said. “It’s not good for farmers, it’s not good for product manufacturers, and quite frankly, it’s not good for consumers.”

In the meantime, growers are suffering and processors are going out of business, Crawford said. “I’m just hoping there’s an industry left when the ruling is made.”

If hemp products cross the threshold of 0.3% THC — the intoxicating compound in marijuana — they become illegal fed-

erally, which has complicated enforcement by the FDA and U.S. Drug Enforcement Administration, said Whitney, the economist.

Hesitancy at the federal level has filtered through to state regulators, whose strict controls are “suffocating the market,” he said, adding that major manufacturers, such as Coca-Cola, aren’t prepared to invest in an industry facing such a precarious outlook.

“The real big money’s sitting on the sidelines, waiting for the regulatory uncertainty to clear up,” Whitney said. “A lot of this would be cleared up by clearing up the regulatory uncertainty at the federal level.”

Chlorpyrifos: ‘The court got it right: EPA’s time is now up’

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denied the petition, but last year proposed modifying some uses of chlorpyrifos.

Writing the court’s majority opinion, Judge Jed Rakoff said EPA has failed to follow the Federal Food, Drug and Cosmetic Act by declaring all food uses are safe. “EPA’s time is now up,” he wrote.

“The EPA must act based upon the evidence and must immediately revoke or mod-

ify chlorpyrifos tolerances,” he wrote, adding that “EPA’s egregious delay exposed a generation of American children to unsafe levels of chlorpyrifos.”

Bybee agreed with Rakoff that EPA has “dithered,” but said it was wrong to say EPA has never declared chlorpyrifos safe.

It did in 2006, and the petition shouldn’t have forced the EPA to start from scratch, Bybee stated.

Judge Jacqueline Nguyen

joined in Rakoff’s ruling. Rakoff is a visiting judge from the U.S. District Court for Southern New York and has participated in earlier 9th circuit hearings on chlorpyrifos.

“The court got it right: EPA’s time is now up,” Earthjustice attorney Patti Goldman said in a statement.

“However, chlorpyrifos is just one of dozens of organophosphates used on our fruits and vegetables. So while we celebrate this win

today, EPA must also ban all organophosphates to fully protect public health,” she said.

Goldman represented environmental and labor groups that filed the suit seeking the ban. The suit

alleged the EPA had wrongly dismissed the petition filed in 2007.

Farm groups have defended chlorpyrifos as a safe and an effective pesticide that has been used for more than 40 years.

The scientific case against chlorpyrifos includes studies involving mice and pregnant women who were exposed to chlorpyrifos in residential settings. Most home uses of the pesticide have already been banned.



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