



June 22, 2020

VIA REGULATIONS.GOV

Re: USDA Farm Service Agency, Docket No. FSA-2020-004, FR Vol.85, No.100, 31062, May 22, 2020. CFAP (Covid-19 assistance) Assistance for Hemp Farmers.

The National Industrial Hemp Council (NIHC) submits these comments in response to the USDA Farm Service Agency Notice of Funding Availability; Coronavirus Food Assistance Program (CFAP) Additional Commodities Request for Information (the Notice).

The National Industrial Hemp Council is a Washington, DC-based association that represents the hemp industry from hemp farmer to end consumers; hemp and hemp-based products. NIHC is a leading association providing technical and marketing support to both the industry and the government and is the leading association in the domestic and international hemp marketing space. We have over 150 member companies ranging from Garden of Life (Nestle), medium-sized companies, Groff NA, and association and coalition partners including the Food Marketing Institute (FMI). The NIHC Board of Directors is made up of former government officials and industry leaders throughout the sector, see our website hempindustrial.com for detailed information.

While the USDA has been admirably supportive in providing relief funds for other sectors of the agricultural industry, hemp farmers have notably been jeopardized by their inability to receive much-needed support under the CFAP and other USDA programs.

The NIHC is asking for: (1) Hemp Farmer Inclusion – The NIHC urgently requests the inclusion of America’s industrial hemp farmers in the USDA’s economic relief efforts. Hemp farmers are no different than other farmers. What differentiates them is they farm a new agricultural crop only recently recognized by Congress and the USDA as a commodity. But, their innovation puts them at a higher risk because they have taken on producing a new crop in a volatile marketplace. The industry is growing at an almost exponential rate with total hemp acres licensed increasing nearly 500% since 2018¹. Based on responses from 20 states in the November 2019 Whitney Economics hemp industry analysis, the average farm has 4.53 full time employees and 4.34 part time workers. The average wage for full-time employees is \$17.34 per hour (\$36,067 per year) and the average wage for part-time employees is \$13.98 per hour (\$29,078 per year). The average hemp farm has 5 full-time and 4 part-time employees.



An informal poll by Hemp Industry Daily showed approximately 54% of the hemp and CBD companies that applied for a Small Business Administration (SBA) loan as part of the coronavirus economic stimulus relief package still haven't heard yet if they received the loans (as of May 1, 2020)². Of those polled, only 10% said they received a Paycheck Protection Program loan and 7% received an Economic Injury Disaster Loan. Another 29% said they applied for loans but were either denied (12%) or their loans were unfulfilled (17%)²

The NIHC is asking for: (2) USDA to partner with the Department of Commerce (DOC) in gathering data on hemp farms and farm gate revenue. The lack of data on the hemp industry has been made clear during this crisis. DOC would take the lead on "up the supply chain" on hemp derived products.

Finally, research and analysis by New Frontier Data shows that hemp businesses have been hit hard during the COVID-19 outbreak. A report titled "COVID-19 Continues to Disrupt Hemp Operators" reported that 66 percent of hemp businesses experienced significant economic hardships as broken down:³

- 48% Disrupted Supply Chain
- 41% Loss of Funding
- 31% Reduced Sales
- 24% Salary Cuts
- 17% Staff Furloughs or Layoffs
- 14% Cancelled Customer Contracts

Even with such challenges, the U.S. Hemp market is projected to drive significant economic activities, with the support of the U.S.D.A.

| | |
|---|-------------|
| Projected number of Acres licensed in US (2020) | 393,750 |
| Projected number of Acres planted in 2020 (Total) | 295,313 |
| Acres planted for CBD (projected) | 177,188 |
| Projected Pounds of CBD Biomass | 354,375,000 |

We appreciate your consideration of our concerns.

Respectfully,

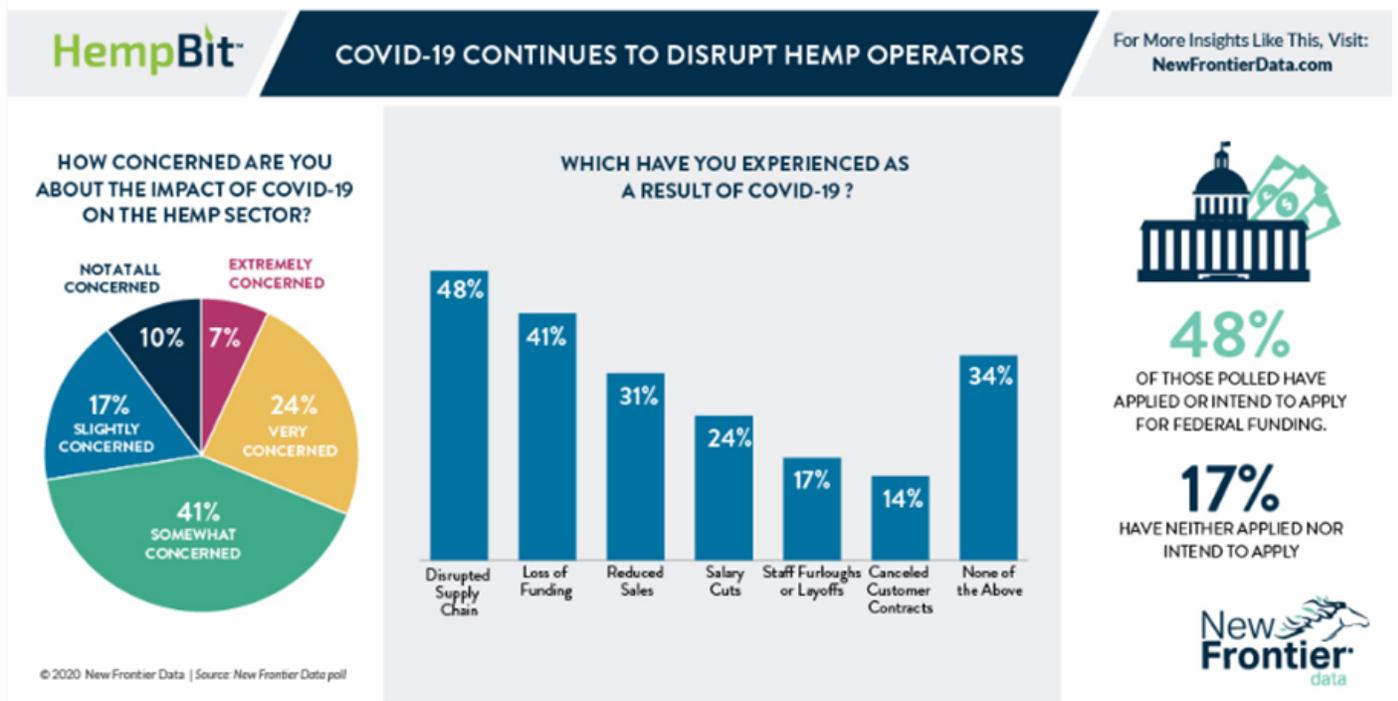
A handwritten signature in black ink, appearing to read "Patrick Atagi", is written over a light gray rectangular background.

Patrick Atagi
 Chair, Board of Directors
 National Industrial Hemp Council

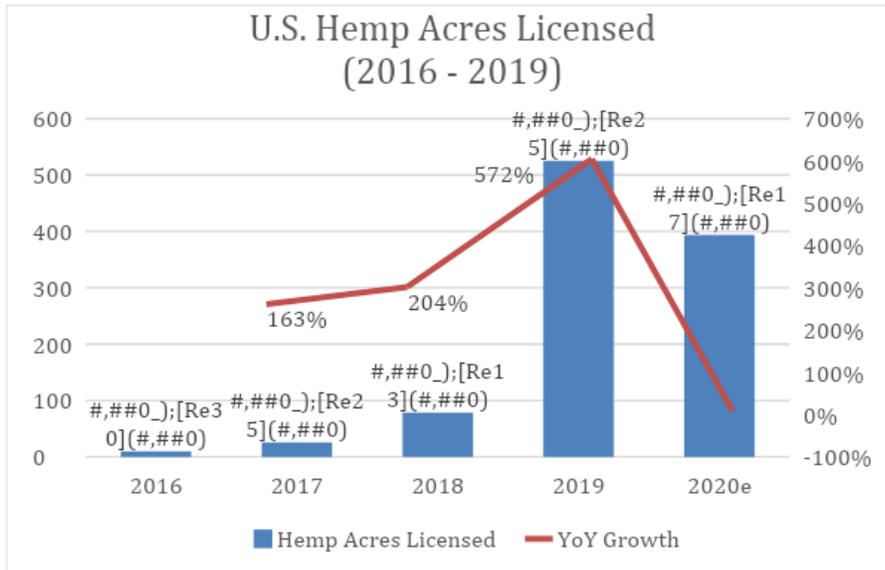
¹ Whitney Economics, “The Field of Dreams-An Economic Survey of the United States Hemp Cultivation Industry, November 12, 2019, Beau Whitney,

² Hemp Industry Daily, May 1, 2020 <https://hempindustrydaily.com/hemp-industry-daily-taking-stock-of-how-coronavirus-has-affected-farmers-businesses/>

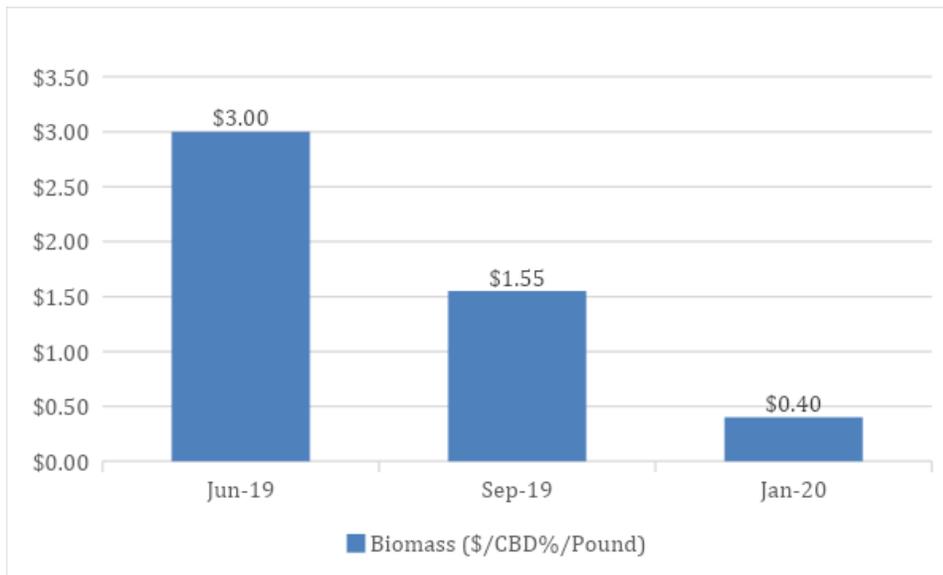
³ New Frontier Data, “COVID-19 Continues to Disrupt Hemp Operators, Chris Hudock, <https://newfrontierdata.com/cannabis-insights/legal-experts-offer-free-advice-online-about-federal-pandemic-relief-funding/>



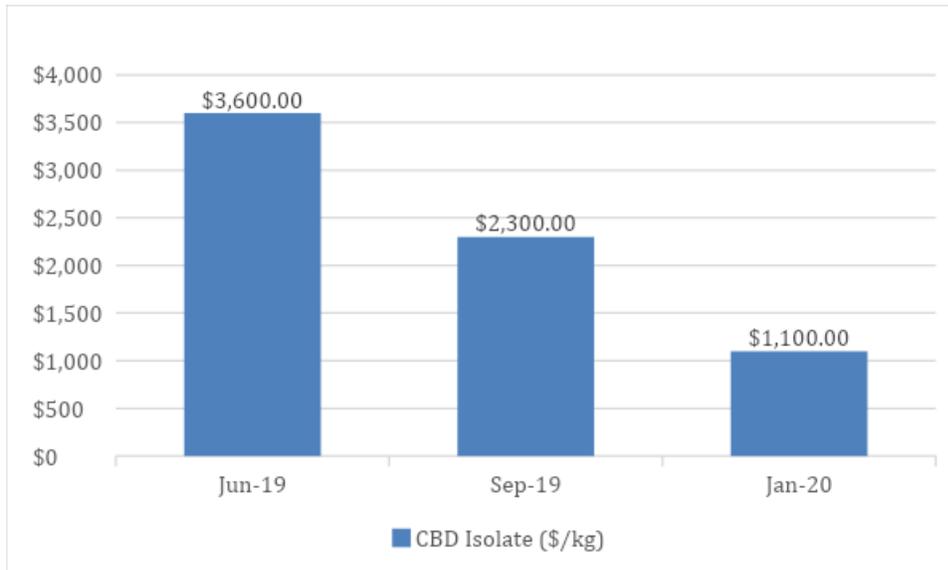
³ New Frontier Data, “COVID-19 Continues to Disrupt Hemp Operators”.



⁴ New Whitney Economics forecast indicates a sharp contraction of acres licensed in 2020. Even fewer acres planted.



⁵ Whitney Economics 06/18/2020 presentation at the Oregon Hemp Convention showing the rapid decline in wholesale pricing. Combined with labor constraints, Hemp farmers are facing significant challenges heading into the 2020 growing season.



⁶ Whitney Economics 06/18/2020 presentation at the Oregon Hemp Convention showing the rapid decline in wholesale pricing even for processed materials. This is impacting other aspects of the hemp supply value chain.

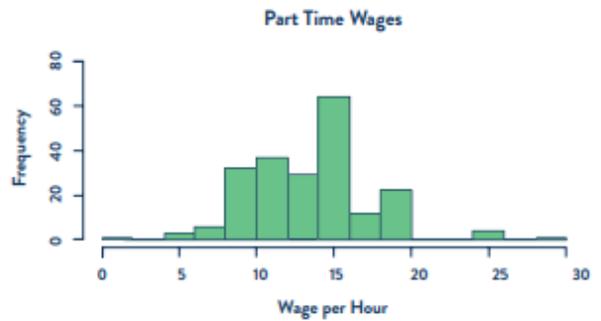


“The average hemp farm has 5 full time and 4 part time employees...”

Average workers and wages: Full time and Part time

| Labor by Type | Full Time (FTE) | Ave FTE hourly wage | Part Time (PTE) | Ave PTE hourly wage |
|-------------------|-----------------|---------------------|-----------------|---------------------|
| Cultivator | 4.53 | \$17.34 | 4.34 | \$13.98 |
| Processor | 9.83 | \$18.96 | 7.77 | \$14.25 |

Source: Whitney Economics, Survey Data



Source: Whitney Economics, Survey Data

- If cultivation averages are extrapolated to all of the 16,624 farms in the U.S., this would result in there being 75,253 full time employees and an additional 72,192 part time employees.

- Assuming part-time employees average 20 hours per week and full-time employees average 40 hours per week, then the total wages estimated in the U.S. for hemp cultivation are \$3.76 billion per year.

¹ Whitney Economics

Total U.S. Hemp Labor and Wages

| Licensed Farms | Full Time Workers | Part Time Workers | Annual wage FTE | Annual wage PTE | Total FTE wages | Total PTE Wages | Total U.S. Hemp labor |
|----------------|-------------------|-------------------|-------------------|-----------------|------------------------|------------------------|------------------------|
| 16,624 | 75,254 | 72,192 | \$36,064.5 | \$14,537 | \$2,714,008,555 | \$1,049,482,008 | \$3,763,490,564 |

Source: Whitney Economics, Survey Data

- Hemp is a job creator. While the survey did not distinguish between existing jobs being reallocated to hemp production versus new jobs created solely for hemp production, the amount of labor and wages is a significant economic driver.

¹ Whitney Economics