

News from Washington: February 4-10

***Unless stated otherwise, stories are sourced from [Politico](#).***

### **Trump Touches on Ag Issues in The State of The Union**

President Donald Trump addressed a joint session of Congress and subsequently the nation this week in an hour and 21-minute State of the Union address. It was clear that border security was at the forefront of the President's agenda, as he mentioned the quickly approaching deadline for government funding which, if an agreement isn't reached, will end in a government shutdown.

Agriculture was mentioned when President Trump boasted his administration's elimination of the estate or death tax, mentioning specifically family farms and U.S. ranchers. That comment received a roar of applause from those in attendance. The farm bill got a nod from the Commander in Chief in the spirit of bipartisanship and cooperation. Trade was also a talking point, saying that the United States has placed tariffs on \$350 billion of goods imported from China. President Trump also said that the negotiations will have to include a structural change to the deal that protects American jobs and ends the trade deficit, but there was no direct mention of how that will impact agriculture.

The former North American Free Trade Agreement (NAFTA) and its proposed successor the U.S. Mexico Canada Agreement or USMCA were both mentioned as the President urged members of Congress to support the bill to "expand American agriculture." In addition, the President urged Congress to pass the Reciprocal Trade Act, which proposes to place the same tariff on a given country should they place a tariff on the United States.

In the 10-minute Democratic response that was delivered by Former Georgia House Minority Leader Stacey Abrams, it was noted that farmers were caught in the middle of the trade war between the U.S. and the Chinese. She also mentioned that agriculture, among several other industries were stronger with immigrants.

The American Farm Bureau praised the President's comments.

"President Trump has outlined bold priorities in his State of the Union address, and we hope the administration and Congress can move forward in a bipartisan manner to make progress toward the goals that we all share. Farmers and ranchers across the country need reforms to our immigration system, and we echo President Trump's call for Congress to ratify the U.S.-Mexico-Canada Agreement to preserve and build on the export gains with our North American neighbors. At the same time, we support bipartisan efforts to rebuild and modernize our nation's infrastructure, including broadband technology in rural areas," said Zippy Duvall, AFBF president. "Farm Bureau also appreciates President Trump's message of optimism and unity. The bipartisan passage of the farm bill last year shows that our elected leaders can come together and achieve great things for our country."

[Source: Ohio's Country Journal](#)

### **USDA Eyes Snap Backup Plan for A Shutdown 2.0**

Perdue said the Agriculture Department might again lean on an obscure appropriations provision to provide early Supplemental Nutrition Assistance Program benefits for April if there's another shutdown this month.

During the five-week spending lapse, USDA paid out February SNAP benefits weeks earlier than usual, an unprecedented move that posed a major logistical and communications challenge for the states that administer the program.

Shutdown repeat? With a Feb. 15 deadline fast approaching and few signs of progress toward a bipartisan spending strategy, USDA could find itself in a similar situation this month.

The department has funding for March SNAP benefits under the current stopgap bill, H.J. Res. 28 (116), but officials have repeatedly declined to detail how payments will be made in the weeks ahead — including whether April benefits could be distributed weeks early if there's another shutdown.

"We may have to do the same thing we did, but we haven't determined that yet. It's early in February," Perdue said. "I think states should be prepared on this 30-day extension we get with the funding."

USDA's Food and Nutrition Service sent a [memo](#) to state officials last week directing them to develop plans to "mitigate the impact and shorten the interval between February and March issuances."

At a separate industry gathering Tuesday, Deputy Secretary Steve Censky said USDA will prioritize trade promotion efforts, conservation changes and the new Margin Protection Program for dairy producers as the department works to implement the 2018 farm bill, H.R. 2 (115).

USDA plans to hold listening sessions for each of its mission areas, from nutrition to farm production, he said during a Farm Foundation event. Censky, who's leading the department's farm bill working group, said he's not planning to use the shutdown as an excuse for any delays. "When it comes to farm bill implementation, we were geared up before farm bill passage," he said.

### **The U.S.-EU Trade Charade**

Preliminary talks between Washington and Brussels are starting to look like little more than a bid to avoid a full-blown trade war, including potential new U.S. duties on European automobiles.

There's a gaping divide between how each side envisions the eventual negotiations. The U.S. is determined to win greater access to EU ag markets, but that's a dealbreaker for European officials, who are fearful of a backlash from the bloc's politically powerful farmers. Brussels seeks to eliminate tariffs on the industrial goods it exports to the U.S., including cars, while Trump is determined to protect American manufacturing.

The ag impasse has dampened hopes for a comprehensive transatlantic trade deal even before formal negotiations begin.

"Both sides put their cards on the table, but they seem to be playing different games," said Peter Chase, senior fellow at the German Marshall Fund of the U.S.

European Parliament's trade committee will vote this month on whether to formally oppose U.S.-EU negotiations. The panel's chairman said talks shouldn't begin while steel and aluminum tariffs persist and the two sides are divided over ag trade.

To keep Trump at the table, Europe has agreed to boost U.S. soy imports by allowing use of the crops for subsidized biofuel production.

Commerce Secretary Wilbur Ross originally had until Feb. 19 to make his recommendations to Trump about imposing duties on auto imports (although the shutdown could have delayed that). Trump then has 90 days to make a decision.

### **Grassley Expected to Support Wheeler for EPA Chief**

The Iowa Republican is likely to support Wheeler's nomination for EPA administrator when the full Senate takes a vote, expected in the coming weeks.

Grassley has pressured the agency to scale back economic hardship waivers that allowed dozens of small refineries to duck Renewable Fuel Standard mandates to blend biofuels with gasoline and diesel, or to buy credits instead.

After a recent conversation with Wheeler, Grassley said the nominee seemed to be "trying to accomplish what we want, but with no certainty" in terms of biofuel waivers.

Environment and Public Works Chairman John Barrasso (R-Wyo.) said Wheeler likely won't receive a Senate floor vote until the end of February, at the earliest

### **Secretary Perdue Statement on President Trump's State of the Union Address**

U.S. Secretary of Agriculture Sonny Perdue today issued the following statement regarding President Donald J. Trump's State of the Union address:

"President Trump provided a unifying, hopeful vision for the nation tonight, highlighting Administration accomplishments and the booming economy, but also expressing optimism that even greater achievements lie ahead. The President's policies have been beneficial to American agriculture in the short term, but also have laid the foundation for long-term prosperity. Our trade agreements with other nations are getting stronger, and the strategies the President has employed will lead to new and expanded markets for our products. This was a patriotic speech, reminding Americans of the greatness of this country, with even brighter hopes for the future."

[Source: USDA](#)

### **Interim Wetlands Rule Under Attack**

USDA's Natural Resources Conservation Service is moving forward with a rulemaking to define wetlands, but groups on both sides of the issue complain the proposal is too vague.

The interim rule effectively codifies standards NRCS has used for years to determine what qualifies as a wetland, like precipitation data and aerial photographs. That can determine whether a farmer or rancher is eligible for crop insurance or subsidies, which are off-limits to producers who have drained designated wetlands.

"USDA holds all the cards, leaving farmers without the necessary tools to protect their property and due process rights," the Farm Bureau wrote in a comment.

More than 85 environmental groups wrote that USDA should rewrite the regulation, largely because they think the current version will exclude seasonal wetlands.

Commodity groups from North Dakota — where wet spring weather can transform portions of potholed prairie farmland into wetlands — said in a public [comment](#) that complex requirements and inaccurate wetland determinations “cause frustration and result in agency distrust among our producers.”

### **Canadian, Mexican Agriculture Leaders to Take Part in USDA’s 2019 Outlook Forum**

The U.S. Department of Agriculture (USDA) today announced that the agriculture leaders of Canada and Mexico will speak at [USDA’s 95<sup>th</sup> Agricultural Outlook Forum](#) held Feb. 21-22, 2019, at the Crystal Gateway Marriott Hotel in Arlington, Va.

Minister Lawrence MacAulay of Canada and Secretary Victor Villalobos Arambula of Mexico will join U.S. Secretary of Agriculture Sonny Perdue for the forum’s keynote address on February 21. The plenary session will mark the first time the three ministers have spoken jointly at a public forum since the signing of the U.S.-Mexico-Canada Agreement (USMCA) in November 2018.

“I’m delighted to have Minister MacAulay and Secretary Villalobos join me at the forum. This will be an opportunity to highlight the challenges and opportunities facing agriculture and rural communities in North America. Trade has been a powerful force for supporting farm income and rural communities in all three countries. This meeting gives us a chance to focus on how the USMCA will facilitate agricultural trade among our three countries,” Perdue said.

This year’s Agricultural Outlook Forum, themed “Growing Locally, Selling Globally,” highlights current issues and trends affecting agricultural production and global markets. It offers a platform for exchanging ideas, information and best practices among producers, processors, policymakers, government officials, and non-governmental organizations, both domestic and foreign. Concurrent sessions will explore topics such as global trade trends, innovations in agriculture, developments in animal and crop biotechnology, frontiers in conservation, and outlooks for food and commodity markets. An exhibit hall will showcase resources from USDA agencies and private organizations. Last year, nearly 1,600 stakeholders attended the forum.

[Source: USDA](#)

### **The Post-Shutdown Fiscal Crunch**

Congress faces a series of big fiscal decisions this year, and the pall hanging over Capitol Hill after the 35-day funding lapse threatens to poison the high-stakes work.

Lawmakers have until Feb. 15 to reach a deal on border security funding that satisfies President Donald Trump. Spending bills to fund nine federal departments, including USDA and FDA, must also get wrapped up in order to avert another shutdown. A plan to avoid a second shutdown is nowhere in sight.

Lawmakers also have to lift the debt ceiling and avoid sending the country into default, in addition to negotiating a deal on raising the budget caps to avoid potential across-the-board sequester cuts.

The five-week shutdown has delayed the White House’s budget request for fiscal 2020, keeping lawmakers from starting work on future spending bills and hindering negotiations on a budget caps deal.

Senate Appropriations Chairman Richard Shelby on Sunday said the chances of reaching an agreement to stave off another shutdown were “slim” — as long as Trump and House Speaker Nancy Pelosi remain at odds.

### **Farm Bankruptcies Expected to Climb In 2019**

There could be an influx of farm bankruptcies in 2019.

Adam Ballinger, a partner in the law firm Ballard-Spahr, says many farmers are finding it difficult to secure financing for this year.

“From the people I talk to, banks are highly skeptical and don’t want to lend into risky operations, so I think time will tell (how many bankruptcies will occur). But I think by mid-April we should be seeing some movement from people who aren’t able to get operating loans.” He tells Brownfield there are some parallels to the 1980’s, but points out the current state of farmland values and lower interest rates should be a buffer for some.

“What we see now is a challenging price environment. The real estate prices haven’t fallen as precipitously, so I think we’re going to see farm bankruptcies and farm insolvencies. I just don’t think we’re going to see the same amount of volatility we did see in the 1980’s (during) the farm crisis.”

For farmers concerned about having to file for bankruptcy, Ballinger recommends thoroughly reviewing financial books and records. He also suggests frequent and honest communication with ag lenders and input suppliers.

[Source: Brownfield Ag News](#)

### **Dim Soy Outlook Despite Sales To China**

USDA’s Foreign Agricultural Service announced Monday that China [purchased](#) another 612,000 metric tons of U.S. soybeans, days after a high-level trade delegation from Beijing surprised White House officials by pledging to buy 5 million tons of beans while negotiations continue.

U.S. soy growers and exporters say the additional purchases are welcome, but they won’t make up for the months of pain they’ve endured amid Trump’s trade war.

“We won’t be comfortable until the tariffs are completely removed,” said Mark Albertson, strategic market development director at the Illinois Soybean Association.

“For U.S. soy producers, if the trade war ends tomorrow, we will likely not get back to where we were before the trade war started,” Albertson said. “It’s not just alarming, it’s terrifying.”

### **Corn Growers Fire Back at Bud Light Super Bowl Commercial**

Corn growers are letting the brewers of Bud Light know they don’t appreciate their latest Super Bowl commercial about corn syrup.

Wisconsin Corn Growers President Doug Rebut tells Brownfield he’s disappointed Bud Light and their parent company AB InBev chose a stage like the Super Bowl to bash America’s farmers and the corn growers. “When the bash other people’s or other products, it’s a lot like when agriculture or any industry bashes someone else in their own industry, like organic versus conventional farming. If you want to promote your product, great, but do it on the merits of your own product without bashing someone else.”

The Bud Light ad appeals to consumers who avoid high fructose corn syrup by featuring a large keg of corn syrup being delivered to rival beer makers because Bud Light doesn't use the product in their brewing process.

Sweeteners, including corn syrup, are used in beer making to raise the alcohol level without adding body, lighten the body, add flavor or prep it for carbonation.

After back to back years of falling market share, the official NFL beer sponsor targeted corn syrup as a way to highlight new labeling on packaging. But several competing brands and endless craft breweries are taking to social media to say their beer is free from corn syrup as well.

This month, Bud is releasing new packaging in an attempt to increase transparency of ingredients and nutritional information.

Officials at Anheuser Busch could not be reached for comment.

[Source: Brownfield Ag News](#)

### **A Potential Dairy Maze**

USDA is under pressure to quickly implement changes to the dairy safety net to help farmers suffering from economic downturn in the industry.

But Peterson on Thursday raised concerns that the task could be too challenging for USDA officials and crop insurance agents who are responsible for helping farmers choose from what's now a myriad of protection options.

Dairy farmers can now enroll in three programs: Dairy Margin Coverage (formerly known as the Margin Protection Program), as well as two crop insurance policies called Livestock Gross Margin and Dairy Revenue Protection. But there are restrictions on using the latter two policies together: They both can't cover the same milk production.

Peterson said USDA's Farm Services Agency did a "terrible job" with the old program and expressed skepticism this time would be different.

Still, improvements to the program should be able to sell themselves, he said, noting that dairy farmers need only pay \$5,000 for a policy that insures their first 5 million pounds of milk at \$9.50 margins.

### **Dietary Guidelines 2020: The Low-Carb Debate**

The last update to the Dietary Guidelines sparked an all-out war over sustainability, but as the Trump administration prepares to reboot the nation's nutrition advice for 2020, there's a new issue to watch.

This round could feature a debate over whether low-carbohydrate and/or high-fat diets should be included in the guidelines, which advise the public on what to eat and also serve as a framework governing federal nutrition programs like school lunch.

USDA and HHS, which jointly produce the guidelines, have already quietly signaled they're headed toward at least taking a closer look at a low-carb approach. Last fall, when the

government released its list of topics and questions for this round — a new step in the process — the departments for the first time included both low-carbohydrate and high-fat diets in the list of dietary patterns to be reviewed.

The intense politics surrounding the guidelines has driven a heightened interest in who will be selected to serve on the next Dietary Guidelines Advisory Committee, a panel of experts that wields considerable influence over the guidelines.

Low-carb advocates — a hodgepodge group that includes Atkins Nutritionals, The Nutrition Coalition and livestock interests — have lobbied Capitol Hill and USDA, asking for the past few years asking for the advisory committee to take on a big-tent mentality. They want the committee to include some academics who are friendly to a low-carb or high-fat approach — a decision that some would see as heresy.

The Trump administration had been expected to announce the committee's membership in January, a timeline that was months behind schedule even before the shutdown. Asked about the delay, a USDA spokesperson said: "We hope to have an announcement about the membership of the committee soon."