

News from Washington: February 11-17

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

Congress Has Some Demands for USDA, FDA

More than four months into the fiscal year, lawmakers passed a massive, \$328 billion spending bill for 15 agencies. The Senate on Thursday afternoon passed the measure 83-16 and the House followed in the evening, voting 300-128 to [clear it](#).

The sweeping border security and appropriations bill, H.J. Res. 31 (116), includes a number of mandates and funding priorities.

Funding for the foods side of FDA would total over \$1 billion, which is about \$30 million more than Trump had requested for fiscal 2019 that began on Oct. 1. The USDA is getting just under \$20 billion.

The legislation directs at least \$15 million of FDA money to be used for inspections of foreign seafood processors and imported seafood.

About \$3 billion of the appropriations budget would be allocated to the USDA's Agricultural Research Service and National Institute of Food and Agriculture (up from \$2.75 billion in fiscal 2018). Lawmakers are directing the extra money to go toward areas like cotton ginning, poultry, sugar beets, aquaculture, greenhouse technology and nutrition.

Democrats on the House Appropriations agriculture subcommittee weren't able to work in stronger language to stop the relocations of USDA's Economic Research Service and NIFA altogether. Instead, Rep. Chellie Pingree (D-Maine), with the backing of more than a dozen other Democrats, on Thursday reintroduced a bill that would prevent all such moves.

Congress, in a new provision in the spending package, asked USDA to report on how it is modifying its approach to drafting the Dietary Guidelines for Americans, published every five years. The report must come within six months and lawmakers also gave the department more than \$12 million through September 2021 to develop the guidelines.

More Data Points on the State of Farm Economy

Several reports this week have illustrated a mixed picture on the future of the farming:

The USDA is optimistic about 2019, in part due to trade aid payments. Net farm income is expected to increase by 12 percent this year, to \$77.6 billion, ERS said Thursday. The analysis accounts for a projected \$10.2 billion in direct government money, including from USDA's package to help offset retaliatory tariff.

The value of farmland in parts of the Midwest and Plains regions largely held steady at the end of last year, but a prolonged downturn in the agricultural economy could cause values to fall, the Federal Reserve Bank of Kansas City [reported](#) on Thursday.

The Federal Reserve of Chicago [said that in its area](#) (which covers parts of Wisconsin, Iowa, Illinois, Indiana and Michigan), farmland values fell 2 percent in 2018, after taking inflation into account. The Fed also reported deteriorating credit conditions, such as repayment rates.

The U.S. share of soybean exports is projected to decline as Brazil becomes an increasingly important supplier. And the U.S. share of the global wheat market is expected to fall over 10

years, as Russia, the EU and Canada pick up business. The latest long-term projections from ERS can be found [here](#). The full USDA report on long-term trade projections is expected March 13.

What Comes Next for President Trump

After months of threatening to issue a national emergency, the White House has made it official: President Trump will go through with it in order to “ensure we stop the national security and humanitarian crisis at the border,” press secretary Sarah Huckabee Sanders said in a statement.

The sudden move caught most of Capitol Hill by surprise and will be a test of loyalty for Republicans. Senate Majority Leader Mitch McConnell — who has been among the lawmakers urging Trump to avoid such a step — first announced the decision during a late afternoon speech on the floor.

Lawmakers are worried Trump will use the declaration to redirect disaster funds for wildfire and hurricane recovery efforts to pay for the border wall. FEMA and other agencies have billions in aid money that has yet to be disbursed for places like California, Texas, Florida and Puerto Rico.

Congress subtly rejected Trump’s immigration crackdown by ignoring the president’s demands for 750 additional Border Patrol agents and for 2,000 more Immigration and Customs Enforcement officers

Trade Aid Deadline Arrives With \$7B Paid Out

The Trump administration has distributed nearly \$7.1 billion in direct trade-relief payments to farmers, a USDA spokesperson told MA. That means there’s about \$2.5 billion still on the table for direct payments as the application window slams shut today. USDA isn’t planning any trade aid for 2019 production, though retaliatory tariffs are still in place from major trading partners like China, Mexico and Canada.

The \$9.6 billion direct payment plan has drawn scrutiny for its wide-ranging reimbursement rates for various commodities and the perception in some quarters that it’s a taxpayer-funded bailout designed to offset the financial damage farmers and ranchers have suffered as a result of Trump’s trade policies.

Corn growers, for example, have long complained that the program’s payment rate for 2018 corn production — one penny per bushel — was inadequate after the steep drop in corn prices amid the trade war.

Trump’s top trade negotiators are in Beijing for two days of talks with their Chinese counterparts. U.S. Trade Representative Robert Lighthizer and Treasury Secretary Steven Mnuchin are leading the Washington delegation (which also includes USDA and USTR ag officials).

Congress Is Still Underfunding FSMA

In 2011, John Dingell, the Michigan lawmaker who died at age 92 last week, urged congressional leaders not to shortchange the Food Safety Modernization Act FSMA in the name of deficit reduction. Dingell, the longest serving member of Congress, had a hand in everything from health care to civil rights in his nearly six decades on Capitol Hill, but one of his

last major achievements is less well known outside Washington: He was the architect and driving force behind FSMA.

The bill was Congress' response to a string of high-profile, deadly foodborne illness outbreaks that exposed the shortcomings of the country's food safety system. But eight years after the sweeping measure became into law, Congress has still not fully funded implementation.

The Congressional Budget Office estimated that FDA would need \$583 million added to its base budget to implement the law. Eight years later, Congress has given FDA just under half that amount.

Stephen Ostroff, who left his post as FDA deputy commissioner for foods and veterinary medicine last month, told POLITICO there are still "significant gaps" in FSMA implementation. He said he's especially concerned with the agency's lack of resources for overseeing food facilities and produce growers in foreign countries whose products are imported into the U.S.

As POLITICO [reported](#) in 2015, the Obama administration repeatedly didn't ask Congress for enough money to implement FSMA (big increases started coming through in 2016). The Trump administration, for its part, has requested modest cuts to FDA's food budget, though Congress has chosen to hold the agency's food safety funding relatively steady.

The lag in funding continues as major parts of FSMA have already gone into effect over the past few years, with more deadlines coming up: The FDA late [last week confirmed](#) the agency plans to start produce safety inspections this spring for the largest farms.

The FDA has been giving money to states to help implement FSMA. The agency has granted 46 states and one territory more than \$85 million through the [State Produce Implementation Cooperative Agreement Program](#), FDA said last week. The money is for states to develop their own food safety systems, including education, training, technical assistance and inspections.

China Trade Talks End but More Work Remains

The U.S. and China concluded another round of trade talks on Friday. A source has said that the two countries [have agreed](#) to continue talks in Washington next week. In a [tweet](#) Friday morning, Treasury Secretary Steve Mnuchin called the meetings "productive" but didn't elaborate.

The South China Morning Post reported Thursday that the U.S. floated the idea of removing its 10 percent tariffs on \$200 billion worth of Chinese imports (while leaving in place its 25 percent tariffs on \$50 billion worth of Chinese products). In return, China would pledge to make structural changes to better protect intellectual property of foreign companies operating in the country.

The U.S. duties prompted China to retaliate by slapping tariffs on a wide range of American farm exports, including soybeans, corn, cherries and pork. Whether Beijing is considering dropping these tariffs is unclear.

Grassley Repeats Call for Steel/Aluminum Tariffs to Be Lifted

Iowa Senator Chuck Grassley is repeating his call for the White House to lift the steel and aluminum tariffs on Canada and Mexico.

Grassley says Canadian and Mexican officials have indicated to him that they're unlikely to bring the new U.S.-Mexico-Canada agreement (USMCA) up for a vote until those tariffs are removed.

"It's very, very important that the White House get on board of doing away with these tariffs so we can get this thing not only before the Congress of the United States, but before the Mexican Senate and before the House of Commons in Canada."

Grassley says the Canadians want to begin the USMCA approval process by March 1st so it doesn't drag into their fall election season. He says the Trump Administration used the tariffs as a tool to get the Canadians to the USMCA negotiating table. With that goal accomplished, Grassley says, it's time to lift the tariffs.

[Source: Brownfield Ag News](#)

Trump's WOTUS Rule Open for Comment

Get set for the next round of sparring over farm and ranchland streams and puddles. EPA is due to publish the Trump administration's proposed Waters of the U.S. replacement rule today in the Federal Register, opening it up for public comment.

The controversial EPA-Army Corps of Engineers joint rule would scale back the number of waterways and wetlands subject to federal clean water protections. The proposal was informally released in December, but its official posting was delayed by the shutdown.

SCOTUS To Hear SNAP Retail-Data Case in April

The Supreme Court announced Monday that it will [hear arguments](#) on April 22 in a case that hinges on whether USDA can prohibit public release of Supplemental Nutrition Assistance Program retail sales data.

The years-long court battle stems from a Freedom of Information Act request by the Argus Leader newspaper seeking a list of retailers that accepted SNAP benefits between 2005 and 2010, along with annual sales figures for each store. USDA refused to release the sales figures, which it considered to be confidential business information.

USDA's position is backed by the Food Marketing Institute, which represents major grocers like Kroger and Walmart and has fought to keep the sales data private. After a U.S. appellate court ordered the data to be released, the retailers asked the Supreme Court to intervene. It's a rare example of SCOTUS taking up a FOIA-related case. Arguments are likely to begin shortly after 10 a.m. and last for one hour.

The Argus Leader also recaps the timeline of events in the case [here](#).

Analyst Expects China to Import About Two Million More Tons of Pork

A global animal proteins analyst says he expects China will be forced to import more pork later this year.

Justin Sherrard with Rabobank says China normally imports around two and a half million metric tons of pork a year. But he says as their pork production starts to decrease because of the African Swine Fever outbreak, they'll probably need to buy an extra one to two million tons. "You've seen a fair bit of pork going into cold stores, and we think it won't be until around about

May, maybe June of this year that we really start to see a pickup in import requirements from China.”

And, he says U.S. pork producers do have a chance to fill that need. “Yes, the U.S. exporters have a chance at this market. Absolutely, that’s the case, but it will require some breakthrough in terms of trade arrangements in order to see that happen.”

Sherrard expects China will continue to shift production north into larger, more modern facilities and he expects they will reduce live animal transport restrictions later this year, easing some of the bottlenecks between production and processing.

[Source: Brownfield Ag News](#)

‘Green New Deal’ Set for Senate Vote

Majority Leader Mitch McConnell said the chamber will vote on the progressive plan to combat climate change. House conservatives are also pressing Democrats to hold a vote.

Republicans are gambling that a vote on the ambitious Green New Deal will be politically tenuous for Democrats — especially the handful of senators running in 2020. McConnell hasn’t provided any details about when the vote would occur.

The nonbinding resolution, S. Res. 59 (116), calls for a 10-year “national mobilization” to move the U.S. economy away from fossil fuels, boost wages and expand union rights. Supporters say the plan is intended to set goals for curbing climate change, rather than specific policy proposals.

The resolution calls for “working collaboratively with farmers and ranchers ... to remove pollution and greenhouse gas emissions from the agricultural sector as much as is technologically feasible.” Specific goals include additional support for sustainable and family farming, healthier soil and a “more sustainable food system.”

A draft EPA [report](#) on greenhouse gases released Tuesday found that methane emissions increased in 2017 largely due to more emissions from cows and other livestock.