

News from Washington: May 6-12

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Pence: More Trade Aid May Be Coming

Farmers could see a fresh round of trade assistance if trade tensions between the United States and China drag on, Vice President Mike Pence said Thursday.

"We have already had preliminary discussions in the White House for additional support for farmers if this impasse with China continues," Pence said during a visit to a farm in Glyndon, Minn.

His comments are the first official indication the administration acknowledges the need for more aid. Perdue previously said farmers won't see money beyond the \$12 billion they've already received to offset the impact of retaliatory tariffs.

That comes as Trump escalates the trade dispute with China. High-level talks between the countries continued Friday, even though Trump's tariff increase on \$200 billion in Chinese goods took effect after midnight. The president [said](#) Thursday that the administration has begun taking steps to impose a 25 percent duty on all remaining imports from China, though it would take months before those tariffs could be finalized.

The Chinese Ministry of Commerce vowed to take "countermeasures" in response to the higher tariffs but didn't get more specific on what actions it would take. China has already slapped tariffs on nearly all U.S. exports to China, so the country may respond with non-tariff action.

Trump is making a major gamble that the U.S. economy can handle steeper tariffs on China as the 2020 election looms.

Liberal Group Wants Antitrust Agency At USDA

The Center for American Progress on Tuesday floated a novel idea to counter the effects of a rapidly consolidating agriculture industry: Establish an independent task force at USDA charged with maintaining competitive markets and protecting farmers from the harms of consolidation. CAP also backed other [proposals](#) including upping antitrust enforcement and restructuring farmer contracts with employers.

The group plans to sell the idea on Capitol Hill, and it could find a receptive audience among Democrats who are already pushing antitrust-related legislation, like a [bill](#) from Sen. Cory Booker and Rep. Mark Pocan that would temporarily ban future ag mergers while Congress rewrites antitrust laws to strengthen enforcement against anti-competitive deals.

The proposed "Independent Farmer Protection Bureau" would be modeled after the Consumer Financial Protection Bureau and led by a Senate-confirmed appointee with a five-year term. The IFPB would have offices across the country that collect data and monitor markets. The agency would also set up a hotline for farmers to issue complaints about anti-competitive practices and would have the authority to enforce antitrust laws and oversee the input side of markets.

California Moves to Ban Chlorpyrifos

California's decision on Wednesday to ban the pesticide chlorpyrifos, which research has linked to neurological damage in children, will have major repercussions on how fruits and vegetables are grown in the country's largest farm state.

Use of chlorpyrifos, which is sprayed on specialty crops to dispel insects, has already been declining across the nation. The California Environmental Protection Agency said that use of the pesticide dropped more than 50 percent from 2 million pounds in 2005 to just over 900,000 pounds in 2016.

“California’s action to cancel the registration of chlorpyrifos is needed to prevent the significant harm this pesticide causes children, farm workers and vulnerable communities,” said CalEPA Secretary Jared Blumenfeld.

The ban will fully take effect in two years. In the meantime, state officials plan to form a working group to identify a safer alternative to chlorpyrifos, and Gov. Gavin Newsom has requested \$5.7 million from the state Legislature to fund additional research and give assistance to farmers who help that effort.

Environmental groups praised the decision and contrasted it with the Trump administration’s inaction on a petition requesting that the EPA implement a nationwide ban. A federal appellate court has already forced the agency’s hand, ruling in April that EPA has 90 days to respond to the chlorpyrifos petition, but it’s unclear how the agency will move forward.

Perdue Announces Top Sites for ERS and NIFA Relocations

U.S. Secretary of Agriculture Sonny Perdue today announced the finalists of [136 Expressions of Interest received from parties in 35 states](#) vying to become the new homes of the U.S. Department of Agriculture’s (USDA) Economic Research Service (ERS) and National Institute of Food and Agriculture (NIFA).

“This short list of locations took into consideration critical factors required to uphold the important missions of ERS and NIFA. We also considered factors important to our employees, such as quality of life,” Secretary Perdue said. “Relocation will help ensure USDA is the most effective, most efficient, and most customer-focused agency in the federal government, allowing us to be closer to our stakeholders and move our resources closer to our customers. Our commitment to the public and our employees is to continue to be transparent as we proceed with our analysis.”

Top identified sites are: Indiana, Kansas and Missouri, and North Carolina.

[More information, including top sites, is available from USDA.](#)

USMCA Still Stuck on Tariffs

Senate Finance Chairman Chuck Grassley and other GOP senators met with Trump last week hoping to unstick his stalled three-way trade pact with Canada and Mexico. But they’ve had no such luck, the Iowa Republican said Monday.

“Haven’t you heard? ‘I like tariffs,’” Grassley told reporters, quoting Trump.

The Iowan, whose panel wields major sway over the fate of Trump’s signature trade achievement, has repeatedly said the U.S.-Mexico-Canada Agreement isn’t going anywhere in Congress until Trump’s steel and aluminum duties are lifted.

“[Trump] made clear he liked tariffs as an instrument to bring people to the negotiating table,” Sen. John Cornyn (R-Texas) said of the White House meeting. “So it wasn’t necessarily a welcome message.”

More than 60 food and farm groups, including the American Farm Bureau Federation and the National Association of State Departments of Agriculture, sent a letter Monday to House and Senate leaders urging them to quickly ratify the trade deal.

EPA'S New WOTUS Timeline

The Trump administration's timeline for repealing and replacing the Waters of the U.S. rule has slipped slightly, but EPA still intends to finish by the end of year, said Jeffrey Clark, assistant attorney general of the environment and natural resources division.

EPA had been aiming to finalize its rule repealing the Obama-era rule by March, but Clark said Wednesday that's been kicked back to August.

Meanwhile, the agency's target for finalizing its rewrite has slipped from September to December.

GOP Immigration Meeting Skirts H-2A Talk

White House adviser Jared Kushner on Tuesday briefed Senate Republicans on an immigration plan that would focus on attracting high-skilled workers to the U.S. Based on reports coming out of the meeting, the discussions appeared to largely skip over how the administration would address the ag labor shortage and tweaks to the H-2A foreign guestworker program.

Ag industry and labor groups plan to continue meeting to hash out what they want to include in comprehensive ag labor legislation, sources told MA. The high-stakes meetings are being held because House Judiciary staff need to nail down the topline priorities for each side before drafting a bill. Several lobbyists predicted that legislation could be made public as soon as the end of May.

Pesticide Approvals Another Hurdle for Hemp

The EPA could take five to 10 years to green-light new pesticides for farmers to use on hemp fields to control weeds, insects and fungi, a researcher from North Dakota State University predicted on Wednesday. His comments came during a [meeting](#) held by the agency's Office of Pesticide Programs, which is exploring how to approach the issue after hemp was legalized by the [2018 farm bill](#).

Companies seeking to register a new pesticide, or add a new use — i.e. hemp production — must submit an application to EPA. The agency then reviews the chemicals' potential impacts on public health, wildlife and the environment, and ensures the directions and safety measures on its label mitigate risks.

EPA by law also has to set tolerance levels, or the amount of pesticide residue allowed in certain foods, by considering the effects of people's exposure to the chemical, among other things. That will be a new and complex undertaking for hemp, which is used to make a wide range of products from building materials to oils and animal feed, in part because there's minimal data available. It was only in the 2014 farm bill that some states were authorized to research hemp as part of a pilot program.

There are about five pesticides already approved for use on hemp, according to Ed Messina, acting deputy office director for EPA's pesticide office. But several hemp researchers and industry officials said farmers are "desperate" for better tools. Bio-based, or naturally occurring, pesticides are a good first option, but they aren't as reliable, one researcher said.

The Forecast for Soybean Stocks

The combination of [record](#) soybean production in 2018 and Trump's trade war, which slammed Chinese demand for U.S. soy, has pushed stocks of the crop to historically high levels. There might not be much improvement over the next year, [writes](#) Agricultural Economic Insights.

From the crop harvested last fall, ending stocks — essentially the year's soybeans that weren't used or exported — are expected to reach 22 percent of total soybean usage for 2018-2019, according to USDA [data](#).

That's the third-highest level in 55 years, and the highest since the 1980s farm crisis. Farmers across the country have struggled to store huge quantities of beans that largely stopped flowing to China amid Trump's trade standoff, though Beijing has resumed purchasing some U.S. soybeans since December as talks progressed.

"This has been a significant struggle for commodity prices and producer returns," the ag economists write. "No matter how you slice the data, soybeans are in a tough spot."

USDA expects farmers to plant [fewer acres](#) of soybeans in 2019, with Chinese retaliatory tariffs on the crop still in place and soybean prices far below last year's levels. But lower production alone won't resolve the soybean glut.

The ag forecasters modeled potential ending stocks for 2019-2020 using different potential yields and usage, but each of the scenarios "still leaves the soybean stock situation unpleasantly high," and it could take years for ending stocks to return to lower long-term averages, they wrote.

After Trump this weekend threatened China with additional tariffs, grain markets plummeted to the lowest levels in 42 years, Bloomberg [reports](#).

A Georgia Republican's Rare Rebuke of The White House

The White House and Congress are still wrangling over a \$17 billion disaster aid package, months after hurricanes and wildfires left a trail of destruction across the country. One Georgia Republican is fed up. In a rare rebuke of the administration by a GOP lawmaker, Rep. Austin Scott on Thursday said the White House is undercutting its pledge to farmers.

Scott pointed out that the White House Office of Management and Budget hasn't sent to Congress a formal disaster request to supplement already-authorized federal emergency aid, yet it has done so for other priorities. Just last week, OMB asked for \$4.5 billion to address what Trump has described as a humanitarian and security crisis at the Mexico border, Scott said.

When the House in January passed a disaster aid package, H.R. 268 (116), OMB issued a [statement of administration policy](#) opposing funds for crop and livestock losses, arguing that existing USDA programs like crop insurance were enough to cover the damage.

Scott said his phone calls to Mick Mulvaney, the acting White House chief of staff and former director of OMB, have been ignored. He is also waiting for confirmation of a meeting with Trump.

"[W]hen things are then handed off to people at the Office of Management and Budget, who consider the American farmer and the American farm family nothing but subsidy-sucking

freeloaders, then there's a disconnect in what is actually coming out of the administration, and what the administration is telling us that they're going to do," Scott said during a House Agriculture subcommittee hearing.

Several issues are snagging the disaster aid talks, including Trump's opposition to Democrats' demands for more money for Puerto Rico and a push by Senate Appropriations Chairman Richard Shelby (R-Ala.) to free up more money for harbor maintenance.

WIC Participation Continues to Decline

Recent data from the USDA's Economic Research Service show participation in the Special Supplemental Nutrition Program for Women, Infants, and Children continued to decline in 2018, highlighting a trend that's concerned anti-hunger groups for several years.

Last year, 6.9 million people per month participated in WIC — 6 percent fewer than in the previous fiscal year. [ERS reported](#) that this was the largest single-year decrease in the program's history. Program participation for women, infants and children fell for the eighth consecutive year in a row, data show.

The Food Research & Action Center on Tuesday issued a report identifying several factors that impede participation, including cultural and language barriers, misconceptions about program eligibility, as well as prior negative experiences at clinics. The report recommended the program be expanded by modernizing technology, improving shopping experiences and increasing recruitment of families.

As POLITICO [reported](#) last year, health officials in several states say the Trump administration's hardline immigration policies are driving a drop in participation in WIC and other nutrition programs, though there is no federal data tracking the issue. "Immigrant parents, including legal permanent residents and parents of citizen children, increasingly believe their families are not eligible for WIC or that there will be negative repercussions for participating," FRAC said in its report.

Brandon Lipps, acting deputy undersecretary for Food, Nutrition, and Consumer Services has been participating in [roundtable meetings](#) with WIC directors, participants, retailers and others to get ideas for improving service and making the program easier to use.

Tomato Deal Ends, Tariffs Kick In

Mexican tomatoes entering the U.S. will be hit with a 17.5 percent tariff after the Commerce Department terminated a decades-old tomato deal between the countries.

Mexican exporters will face additional costs worth \$350 million each year, according to Mexico's Economy Ministry. U.S. consumers could eventually see tomato prices at the grocery store jump by 40 percent or more, according to an Arizona State University study commissioned by the Fresh Produce Association of the Americas.

The deal's termination reopened an anti-dumping investigation against Mexican tomato imports, but Commerce Secretary Wilbur Ross said the U.S. will continue working with Mexico toward a revised tomato pact

New ERS Union Looks to Fight Relocation

Now that the Economic Research Service has voted to unionize, the collective bargaining unit needs to set up shop. It will take about five days for the American Federation of Government

Employees to certify the 138-4 vote on Thursday. Next, members will decide if they want to form a local chapter or join an existing one.

Top of the union's list will be addressing the proposed relocation of ERS outside of Washington, a decision by Agriculture Secretary Sonny Perdue that has [angered](#) ERS employees and some lawmakers.

Following the vote, Perdue said in a statement that "we will work with this group of employees just as we work with all USDA employees."

"We will be pressing for delay and reconsideration of the relocation decisions," said Peter Winch, an organizer for AFGE. He said the new ERS union plans to ask to meet with agency leadership, which is "in flux" since ERS is currently led by an acting administrator. Winch added that the union wants employees to be given more than 30 days to decide whether to relocate, as well as for USDA to pay for them to visit the location before deciding if they want to move.

Winch also said that the union plans to ask lawmakers to block USDA from using appropriated funds for the relocation. Rep. Rosa DeLauro, vice chair of the House Appropriations subcommittee on agriculture, said in a statement: "With today's overwhelming vote, ERS employees have sent a resounding message to the Trump administration: The continued undermining of ERS must stop."

The National Institute of Food and Agriculture, which will also be relocated, plans to hold its own union vote June 11.

African Swine Fever Fallout Could Hit Dairy

The African swine fever outbreak in China that has killed millions of pigs may have another victim: the U.S. dairy industry. Fewer hogs means less demand for ingredients used in feed, many of which are derived from cow's milk, such as milk and whey permeate, whey powder and lactose.

As many as 200 million pigs are expected to be infected or slaughtered due to ASF, which translates to a decline in demand of lactose in piglet feed of between 54,500 metric tons and 72,500 metric tons, according to a [report](#) from Rabobank, a Dutch financial services firm. Early signs of declining demand appeared in November. Global trade data showed that demand sank 30 percent in March compared with the same period the year prior. U.S. exports of whey and permeate to China saw a 60 percent decline in demand, attributed to ASF and Chinese tariffs on dairy exports, which the firm called a "double whammy" on the dairy industry.

The firm said it believes that "the impacts of ASF are not short-lived and that it may take years to replenish the hog numbers that have been lost. Thus the demand for dry whey, permeate, and lactose will be negatively impacted, lowering the potential returns to cheese and whey manufacturers through this period."

Ag Having Its Moment In 2020 Race

Sen. Bernie Sanders (I-Vt.) on Sunday became the latest Democratic presidential candidate to offer a comprehensive agriculture and rural policy plan (Sen. Elizabeth Warren announced her [proposal](#) in March). At a county fairgrounds in Osage, Iowa, Sanders made the case that liberal policies in Republican strongholds are what's needed to save a slumping farm economy and struggling rural communities. Here's a rundown of some of Sanders' proposals:

- Step up antitrust enforcement and combat corporate consolidation. Like Warren, Sanders wants to break up big ag mergers like Bayer and Monsanto's deal and outlaw future big acquisitions, as well as vertical tie-ups.
- Endorse a national "right-to-repair" law that would permit farmers to fix their own equipment.
- Combat climate change by regulating industrial-scale farms like factories under the Clean Air Act and remove their air emissions exemption. He also wants to encourage regenerative ag systems and more sustainable practices on farms.
- Support supply management programs to control the amount of commodities in the market and ensure farmers get fair prices for their products.
- Increase federal investments in rural education and health care.