

News from Washington: June 3-7

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No Trade Aid for Unplanted Crops

USDA has determined that it cannot provide trade relief payments to farmers for unplanted acres after all, according to a [report](#) from Agri-Pulse citing an unnamed official. A department spokesperson did not confirm or deny that USDA had made a final decision.

The department last month announced it would pay \$14.5 billion directly to producers affected by President Donald Trump's trade war at a rate determined partly by a farm's total plantings, and growers who don't put a crop in the ground this year wouldn't be eligible. That prompted some concern from ag economists that producers might plant just to collect a trade aid check, when they otherwise wouldn't.

Then, Agriculture Secretary Sonny Perdue said USDA was reviewing whether it could legally offer aid for unplanted acres. He cautioned this week that "you have to have something to sell or to trade for a tariff impact," but some farm groups have made the case that trade tension also affects producers' crop insurance coverage for when they can't plant due to the weather. (Their revenue guarantees are based in part on commodity prices, which have dropped due to retaliatory tariffs.)

Closing the door to trade relief for unplanted acres would effectively bring USDA back to where it started on the issue, but it's also representative of the broader uncertainty surrounding the trade aid rollout.

The department has taken some heat for unveiling a plan to inject billions of dollars into the farm economy just when producers were [deciding what crops to plant](#) for the year. USDA officials said they designed the program to minimize its influence over such decisions.

On the other hand, some have complained that the department outlined its plan but didn't fill in the details, leaving farmers halfway in the dark. The first installment of payments is set to launch in late July or early August, so further info would likely come by then.

Secretary Perdue Statement on President Trump's Signing of Disaster Aid Bill

U.S. Secretary of Agriculture Sonny Perdue today commended President Trump's signing of the disaster relief bill that will provide \$19 billion in assistance to states and territories hit by flooding, hurricanes, wildfires and other natural disasters.

"Congress provided much needed resources to assist farmers, ranchers and producers dealing with extensive damage to their operations caused by natural disasters," said Secretary Perdue. "President Trump is committed to helping America's farmers get back on their feet following recent natural disasters. I thank him for his leadership and I thank the members of Congress from Georgia, Florida and the Carolinas who fought so hard to make sure this bill passed. We look forward to implementing this disaster aid package in a fair way and working with state leadership to identify where the true losses and needs are to best serve our fellow Americans in need of a helping hand."

[Source: USDA](#)

Tariffs Loom as U.S., Mexico Grasp for Border Deal

The Trump administration is still planning to impose 5 percent tariffs on Mexican goods effective Monday, as negotiations between U.S. and Mexican officials at the White House wrapped up Thursday without an agreement. Talks continued Friday.

Trump has promised to ratchet up tariffs by 5 percentage points each month until the duties hit 25 percent in October — or until a deal is reached with Mexico to curb illegal immigration into the U.S.

After several days of talks this week in Washington, U.S. officials on Thursday were firm about demanding more from Mexico, despite heavy pressure from lawmakers and industry groups widely opposed to the tariff threat. Mexico's envoy, on the other hand, was far more upbeat about progress made during the recent meetings.

House Ways and Means Chairman Richard Neal (D-Mass.) on Thursday promised legislative action to try to block the new duties, and some Senate Republicans have threatened to help put up a veto-proof majority. But many GOP lawmakers still have Trump's back, so it's unclear if there would be enough votes in both the House and Senate to actually overturn the tariffs.

Mexican President Andrés Manuel López Obrador will [host a rally](#) Saturday in Tijuana to “defend Mexican dignity” — and to outline how Mexico will hit back if Trump moves forward with tariffs.

House Spending Bill Takes Shots at Perdue's Policies

The House Appropriations Committee sent its fiscal 2020 Agriculture-FDA measure to the floor on a 29-21 vote, after adding amendments that would prevent USDA from moving forward with several controversial proposals — including a plan to overhaul pork processing inspections. It's one of the most prominent moves yet by Democrats since they took control of the House to push back against Perdue's agenda.

- **Pork packing regulations:** The panel approved an amendment from Rep. Rosa DeLauro (D-Conn.) that would freeze funding for USDA to finalize its proposed swine slaughter inspection rule until the department's Inspector General reviews the underlying data behind the proposal.
- **ERS/NIFA:** The bill already included language to block Perdue from relocating a pair of research agencies or bringing one of them under the control of USDA's chief economist. It also ignored many of the spending cuts the White House requested to agricultural research, global food aid and other programs.

It wasn't just Democrats throwing jabs at USDA policies: Republican Rep. Dan Newhouse of Washington offered an amendment to stop Perdue from closing nine facilities involved a Forest Service program that trains at-risk youth to maintain forests, respond to natural disasters and work on rural infrastructure projects. Newhouse said the plan was rolled out “carelessly” and without data to back it up.

Fed Reports 'Weak' Farm Conditions

The central bank on Wednesday released its latest [Beige Book](#) update from the Fed's 12 districts around the country, and the outlook for farm conditions in the Midwest was gloomy. Among the findings from major farm regions: credit concerns, trade headaches and planting problems due to sappy weather.

The Minneapolis Federal Reserve Bank said farmers in the area fear they won't be able to get a crop in the ground at all this year, as heavy rains have delayed planting. The bank surveyed ag credit conditions and found that farm income and capital spending were down from the previous year — and likely to continue dropping for several months.

In the Seventh District, which includes Iowa and parts of Illinois, Indiana, Michigan and Wisconsin, growers who missed the window for planting corn warned that switching to soybeans would still be costly, between wasted fertilizer and slumping soybean prices.

And the Kansas City Fed reported deteriorating conditions especially in Missouri and Nebraska, including declining farm income and a slower rate of loan repayments. Industry contacts “also commented that low commodity prices continued to strain working capital, and recent severe flooding and blizzards may have significantly impacted some borrowers.”

Fed Gov. Michelle Bowman promised Sen. Jon Tester (D-Mt.) at a Senate hearing on Wednesday that the central bank will clarify that hemp is now a legal product and that hemp businesses should be able to access services from financial firms.

USDA Rolls Out Biotech Crop Rule

A proposed rule from USDA's Animal and Plant Health Inspection Service would exempt numerous genetically engineered plants from federal regulations. The exemption would apply to biotech traits that can be created through traditional breeding techniques, which don't pose a plant pest risk, APHIS said in the 109-page proposal.

Under the rule, biotech developers would have authority to make a “self-determination” about whether new traits qualify for an exemption, and USDA would then give those developers a chance to seek confirmation of the crop's exempt status.

The proposal would mark the first significant changes in three decades to USDA's rules governing GE crops, which are narrowly aimed at blocking bugs, weeds and other pests from entering the U.S. agricultural supply. Developers have long complained that USDA's rules are outdated and an impediment to innovation in the sector.

Administration Launches Review of Pesticide, Endangered Species Process

An interagency working group tasked with improving how the government evaluates the impact of pesticides on endangered species and their habitat held its first official meeting on Thursday. Top officials from the departments of Interior, Commerce, USDA, EPA and the Council on Environmental Quality have convened informally for years, but the 2018 farm bill codified the process and requested that regular updates be sent to Congress.

EPA Administrator Andrew Wheeler, who leads the working group, described as “broken” the government's consultation process for ensuring approved pesticide uses and other federal actions don't jeopardize endangered species. He noted the agency has more than 600 pesticide registrations to review by 2022 and said the workload will be a challenge without a more timely and transparent consultation process that can withstand legal challenges.

Most pesticides used by the agriculture industry must be registered with EPA before they can be used; the agency by law must review them every 15 years. As part of that process, EPA works with the U.S. Fish and Wildlife Service or National Marine Fisheries Service to minimize harmful effects on threatened and endangered species.

But if harm can't be avoided, the agencies prepare a lengthy biological opinion to determine whether a pesticide is likely to "jeopardize the continued existence" of certain species. Such opinions are rarely conducted.

The complex consultation process has long been bogged down. A number of factors contribute to the problem, including disagreement among federal agencies over what research and data to use when evaluating pesticides; litigation by environmental groups; and the agriculture and pesticide industries' political influence in Congress and at federal agencies.

Back in 2017, top political appointees at the Interior Department, including Secretary David Bernhardt, who was then serving as deputy secretary, blocked the Fish and Wildlife Service from publishing a biological opinion on three widely used pesticides and also started a process to apply a more narrow standard for determining risks, The New York Times [reported](#).

That opinion had found that two of the pesticides — malathion and chlorpyrifos — were so toxic that they jeopardized the existence of more than 1,200 endangered birds, fish and other animals. The interagency working group is expected to develop a new standard for determining risks.

Republicans Seek Stricter Farm Subsidy Standards

Senate Finance Chairman Chuck Grassley (R-Iowa) and Rep. Jeff Fortenberry (R-Neb.), ranking member on the House Appropriations agriculture subcommittee, want USDA to set a higher bar for managers of family-owned farms to be deemed "actively engaged" in the operation — and thus eligible for up to \$125,000 per year in federal payments.

"The new farm bill's highly controversial addition of first cousin, nieces and nephews to the definition of family members need not turn into an even larger loophole that increases payments to passive investors and mega-farms," the Midwestern lawmakers wrote in a letter to Perdue. "You have the authority to stop these abuses of the farm safety net and that undermine the integrity and public support of farm programs."

The USDA chief hasn't always taken the 2018 farm bill as gospel, but it's unlikely he'd buck Congress in this case. Plus, the momentum in Washington appears to be working against Grassley and Fortenberry: Just this week, the House cleared a disaster aid bill that would ease income limits for certain producers to receive trade relief payments from USDA.

Lipps Defends Lack of Snap Data On Able-Bodied Adults

House appropriators weren't the only ones knocking USDA over recent policy decisions. The House Education and Labor Committee's civil rights and human services panel grilled Brandon Lipps, head of the Food and Nutrition Service, over the Trump administration's proposal to crack down on states waiving work requirements for certain able-bodied SNAP recipients.

Lipps said USDA isn't legally required to collect data on the so-called ABAWD population that discloses whether they're veterans, homeless, have mental or physical limitations or lack access to transportation.

Democrats have asked Perdue to supply data on able-bodied adults without dependents that would illustrate potential barriers those SNAP recipients face to working or enrolling in training programs.

“My position is, since you choose not to collect the data, you want to operate in the dark purposefully and punish people,” said Rep. Marcia Fudge (D-Ohio) on Tuesday.

FNS doesn’t collect such data at the federal level in part because “Congress has discouraged us over time from collecting more information,” Lipps said. After the hearing, he told POLITICO that it’s unlikely that states, which administer the food stamp program, have that data either.

FDA Detects High Levels of Toxic PFAS In Certain Food

A class of non-stick compounds known as PFAS — short for per- and polyfluoroalkyl substances — that for decades have been used in products like Teflon cookware, food packaging, firefighting foam and Scotchguard stain repellent, also appears to be widespread in the food supply.

The FDA collected 91 samples from meats, fish and produce, as well as chocolate cake and milk, to test for the chemicals in October 2017. The variety called PFOS — which is linked to kidney and testicular cancer, thyroid disease and other ailments — turned up in ground turkey, steak, lamb chops, chicken thighs, shrimp, salmon, cod and tilapia at levels more than double the EPA’s advisory for drinking water of 70 parts-per-trillion (the only federal guidance), even though it’s been phased out of production.

The FDA also found PFOS contamination in the groundwater supplying a dairy farm near an Air Force base in New Mexico, where firefighting foam has long been sprayed. Local media reports [chronicled](#) how a farm dumped tens of thousands of gallons of milk a day and exterminated its herd due to the contamination, which is spreading through the nation’s largest aquifer.

FDA’s [findings](#) were presented at a conference last week in Finland, photographs of which were obtained by the Environmental Defense Fund, the AP [reported](#) on Monday.

There are thousands of varieties of PFAS, which have been named “forever chemicals” because they can take thousands of years to degrade and also accumulate in people’s bodies. They are found in about 99.8 percent of Americans’ blood.

The Trump administration is facing pressure from states and public health groups to limit the prevalence of two of the most studied compounds, PFOS and PFOA, in drinking water and list them as hazardous substances under Superfund law. As POLITICO [reported](#), the agency will begin that process this year.

NIFA Officials Pitted Against Each Other

Rank-and-file employees at NIFA say the Trump administration has set up a “Hunger Games”-like environment by deciding that anyone who wants to stay in Washington must go through a highly competitive application process.

About 20 employees will stay in the area to perform “D.C.-centric functions” such as interacting with stakeholders and visitors. The rest of NIFA — which USDA pegs as 315 employees — will be assigned to the new location, expected to be announced any day.

If everyone who works at NIFA were to apply for those 20 slots, the acceptance rate would be nearly as selective as Harvard’s.

The decision to have current employees vie for D.C.-based jobs “starts pitting people who have worked together for decades” against each other, said Sonny Ramaswamy, a former Obama administration NIFA director who opposes the relocation.

Multiple employees told POLITICO that USDA leadership has reassured them that no one will lose their job. But the employees said they feel left in the dark about how the application process would be conducted and believe it will contribute to the spike in departures across the agency.

The department, per a spokesperson, said in response to employees’ concerns that its “highest priority regarding the relocation is communicating with our employees. As there is additional information to share with the public, USDA remains committed to doing so.”

FDA Panel Questions Safety, Benefits Of CBD

Ever since Congress legalized hemp under the 2018 farm bill, interest in the plant and its popular byproduct cannabidiol has exploded, leaving regulators scrambling to keep up. At the agency’s first public meeting on potential CBD rules on Friday, FDA officials expressed doubts about its safety and health benefits.

Lowell Schiller, who leads the FDA working group on cannabidiol, questioned the logic of allowing CBD to be marketed as a dietary supplement alongside vitamins and other established products. Officials also raised concerns about oversight of CBD goods already on store shelves. Several academics presented studies showing that many marketed CBD products like oils and e-cigarette vapors contain either no cannabidiol, far more than claimed, or a mixture of CBD and dangerous synthetic psychoactives.

Pharmaceutical companies and patient groups said research barriers have held them back from studying the substance’s safety and potential benefits.