

News from Washington: August 5-9

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U.N. Warns of Mass Food Insecurity from Climate Change

The report from the U.N.'s Intergovernmental Panel on Climate Change, released Thursday, laid out a dire future for the agriculture industry if climate change isn't adequately addressed. Rising temperatures will intensify droughts, floods and heat waves; at the same time, soil loss and degradation will increase, according to the report. It also found climate change is leading to decreased yields and lost land from erosion.

Researchers cited the industrial agriculture industry as a major contributor to rising greenhouse gases, pointing to methane emissions from livestock and draining of wetlands.

The report made some proposals to counter the effects of climate change, such as improving land productivity, decreasing food waste and consuming less meat. It also promotes sustainable agriculture practices like improved soil management and planting more trees.

There were plenty of voices across the agriculture industry, and particularly in the livestock sector, that took issue with how the report was cast in the international media frenzy (the message was largely: Eat less meat).

Frank Mitloehner, an air quality and emissions expert at the University of California, Davis, who often defends meat and dairy producers under fire in the climate debate, called the IPCC document "overall a reasonable report with the needed nuance. That being said, part of the media want to make this into a 'eat less meat to save the climate' message."

Mitloehner and others pointed out that the report tried to steer away from dietary recommendations. "IPCC does not recommend people's diets," IPCC tweeted Thursday, quoting its co-chair Jim Skea. "What we've pointed out on the basis of the scientific evidence is that there are certain diets that have a lower carbon footprint."

Ahead of the IPCC rollout, the National Cattlemen's Beef Association on Wednesday launched a digital campaign to tout the environmental and economic benefits of grazing.

Perdue, Peterson Hear from Frustrated Farmers

Agriculture Secretary Sonny Perdue, House Agriculture Chairman Collin Peterson (D-Minn.) and other committee members held a listening session on Wednesday at the Minnesota Farmfest in Redwood Falls, where farmers sounded off on a range of challenges in the industry — especially the trade feud with China.

Several attendees took issue with Trump's rhetoric surrounding the trade war and its impact on agriculture. The president has frequently tweeted his support for "our great patriot farmers" who are bearing the brunt of Chinese retaliation. "If the farmer goes in to see his lender in the fall, and says he's sorry, he doesn't have enough money ... the banker doesn't tell him, 'You're a patriot, you don't have to pay your bill,'" said one speaker.

Brian Thalmann, president of the Minnesota Corn Growers Association, said farmers and ranchers are "not starting to do great again," contrary to Trump's statements. "Things are going downhill, and downhill very quickly," he added.

One farmer told Perdue that a USDA acreage report [released in late June](#) “made me physically ill,” blaming the publication for killing a rally in commodity prices “that we desperately needed at a time during the spring when we wanted to empty our bins, get ready for the upcoming harvest and pay our bills.” (The report included higher crop production estimates than the market had anticipated.)

Perdue defended the survey-based data from USDA’s National Agricultural Statistics Service and said the schedule for releasing publications is determined years in advance. “These guys are professionals,” he said. “There’s no cynicism or no conspiracy there at all.”

Peterson also got an earful from a dairy and livestock farmer who was skeptical of the new dairy safety net program under the 2018 farm bill. Peterson has touted the dairy initiative as the farm bill’s most significant improvement, and he expressed frustration on Wednesday that 61 percent of Minnesota dairy farmers have signed up. “For the life of me, I cannot figure out why that’s not 100 percent, because it is a no-brainer,” he said.

The dairy farmer said she was “appalled” by his statement, saying some farmers weren’t signing up “because last time they had a sign-up, they barely got their premiums back. It was not a good program.”

Trump’s Trade War Reaches Code Red

The president this week took his bruising tariff fight with China to a new level, sending Wall Street into a frenzy and leaving farmers and ranchers exposed to additional retaliation from Beijing. The escalation could leave a dent in Trump’s main argument for reelection: a strong U.S. economy, [POLITICO reports](#).

After Trump proposed duties on \$300 billion in Chinese goods last week, Beijing responded by halting all purchases of U.S. farm goods and devaluing its currency. Then on Monday, the Trump administration designated China as a currency manipulator for the first time in 25 years — enraging Chinese officials and potentially provoking further retaliation.

As trade experts and market analysts increasingly expect a much longer and more damaging feud with China, Trump on Tuesday tried to assure farmers and ranchers that more trade aid could be on tap in 2020. (USDA is already offering another \$16 billion in trade relief for 2019 production, on top of around \$10 billion in aid for 2018 production.)

“As they have learned in the last two years, our great American Farmers know that China will not be able to hurt them in that their President has stood with them and done what no other president would do — and I’ll do it again next year if necessary!” [he tweeted](#).

While farmers and industry groups generally appreciate the trade relief effort, many say it’s not enough to offset their financial losses from retaliatory tariffs. Agricultural exports to China have [plummeted over the last year](#), especially soybeans, contributing to lower prices and swollen stockpiles of farm goods.

China’s Last Ag Purchase?

China last week bought small amounts of U.S. soybeans, wheat, sorghum and pork, in what could be its last U.S. agricultural purchase for some time as trade tensions heat up between the countries, Reuters [reports](#). Following the purchases, China announced that any further buys would be suspended in the aftermath of President Donald Trump’s decision to slap more tariffs on Chinese goods next month.

While China's overall imports fell by 5.6 percent in July, the country's soybean imports jumped by their highest level in almost a year. The rise was driven by purchases from Brazil.

Measuring the Ag Export Slump

The worsening trade tension could exacerbate what's already a down year for ag exporters. USDA released fresh [ag-trade data](#) on Monday, and the numbers continue to look bleak, especially for soybean farmers.

Exports of the crop to China totaled just 8.7 million metric tons from October through June, a huge decrease from 25 million metric tons over the same period in fiscal 2018. That represents a difference of \$6.5 billion in sales. Overall, ag exports through June totaled \$103 billion, compared with nearly \$111 billion at the same point last year.

Land Values Steady Amid Farm Economy Slump

Agricultural producers this year are facing a daunting mix of trade headwinds, weather woes, lower commodity prices, falling farm income and mounting debt. But, for now, a widespread drop in farmland values isn't among the financial risks they'll have to worry about.

Farm real estate values climbed \$60 per acre in 2019 to \$3,160 on average, a 1.9 percent increase from last year, according to an Agriculture Department [report](#) published on Tuesday. Croplands are up 1.2 percent and pasture values increased 2.2 percent on average, keeping land values on a yearslong upward trend.

Ag economists have been watching for signs of weakness in farmland prices following a series of forecasts earlier this year that values could start lowering. But most states so far have seen slight bumps in average land values, and only six recorded a decrease from 2018.

In Iowa, real estate values were down 1.1 percent to \$7,190 per acre, according to USDA's survey. California land values shot up 7 percent from last year — the sharpest increase of any continental state. The highest farmland values were concentrated in Northeastern states, led by Rhode Island at \$15,600 per acre.

Ag producers in July also recorded much higher expectations for farmland values than in recent months, according to an index of farmer optimism from Purdue University and the CME Group. The percentage of producers who think values will rise over the next 12 months increased from 10 percent in June to 21 percent last month, the highest level since February 2018.

New USMCA Predictions

House Democrats and the Trump administration continue to discuss changes to the president's new North American trade deal during the August recess, but a new prediction from a Texas Democrat cast doubt on the goal of landing a deal in September.

Over the last two weeks, there have been a lot of staff-level conversations between both sides, a Democratic aide involved in the process told Politico. The aide said "USTR is being responsive."

But Rep. Filemon Vela (D-Texas) told the American Sugar Alliance's International Sweetener Symposium this week that if USMCA comes up for a vote, it won't happen until November or December, per The Hagstrom Report.

Vela isn't a member of the USMCA working group, but he was part of a congressional delegation that visited Mexico last month to discuss labor issues. He said Democrats' big-ticket concerns over labor, environmental provisions and enforcement aren't the only issues that must be addressed. He said the administration also must respond to concerns of lawmakers from the Southeast in two areas: seasonal surges of Mexican produce imports and infrastructure improvements along the border.

David MacNaughton, who announced Thursday he's leaving his post as Canada's ambassador in Washington, predicted USMCA will pass both houses of Congress once it gets a vote.

Chemours Pulls Back On 'Forever Chemicals' in Food Packaging

The chemical giant, which makes Teflon, has stopped manufacturing some nonstick coatings used in food packaging in the face of heightened public debate about their health effects.

The company, formerly owned by DuPont, confirmed to POLITICO that it no longer manufactures three products containing PFAS in the U.S. or globally that were applied to paper food packaging to resist oil and grease. The company said it has also asked the FDA to voluntarily withdraw approval of the products, and has no intention of developing any new PFAS-based coatings for food packaging.

Chemours didn't comment on why it decided to stop making the three chemicals, only stating that its "fluoroproducts" business is focused on other markets like consumer electronics, energy storage and automotives.

"Since our inception as a company in 2015, food packaging has never been a focus for Chemours," the company said in a statement. "We do not believe our withdrawals ... will have any impact on the food packaging marketplace — we have not meaningfully participated in this marketplace for some time."

States and public health advocates have been pressuring the Trump administration to limit exposures to PFAS, a group of 5,000 chemicals used in a range of products from cookware to firefighting foam.

For decades the FDA has approved the safety of dozens of these chemicals for use in food packaging, but said this summer it had launched a review because new evidence suggests they may be dangerous.

Two of the most well-studied PFAS — known as PFOS and PFOA — have been linked to health conditions such as kidney and testicular cancer, hypertension and developmental and reproductive issues. The industry has phased out their use and switched to newer varieties of PFAS, which it contends are significantly safer, but federal agencies say is an emerging area of science.

Visa Denials Skyrocket Under Trump

The Trump administration is preparing to finalize a DHS regulation in the coming days that would implement a more aggressive "public charge" standard for green card and visa renewal applicants, including participation in the Supplemental Nutrition Assistance Program as a factor. Newly obtained visa statistics show how that proposal could reshape the legal immigration system.

From Oct. 1 to July 29, the State Department rejected 5,343 immigrant visa applicants from Mexico who were deemed so poor or infirm that they might become a “public charge,” reliant on cash assistance or long-term, institutionalized care, according to data from the department. Under the Obama administration, just seven Mexican applicants were denied on public charge grounds in fiscal 2016.

Including applicants from all countries, the number of public charge denials so far this year have spiked to 12,179, up from 1,033 in fiscal 2016 (the last full fiscal year under former President Barack Obama).

The nonpartisan Migration Policy Institute estimated that an additional 559,000 people per year could be subject to a public charge review when applying for immigrant visas under a version of the DHS proposal released in October. Immigrant advocates have warned the measure’s reach will be broader because of its chilling effect on migrant families.

How The 2020 Democrats Would Overhaul Farm Policy

The list of Democratic presidential contenders with ag policy plans grew by three on Wednesday. Elizabeth Warren unveiled an ambitious proposal that would level the playing field between farmers and agribusinesses, in line with the Massachusetts senator’s populist-themed campaign proposals. Senate Ag members Amy Klobuchar (Minn.) and Kirsten Gillibrand (N.Y.) put forth their own plans, too.

Warren’s ag proposal is one of the most liberal so far from a primary candidate. It calls for breaking up big corporations including meatpackers and pesticide manufacturers, encouraging climate-friendly practices and controlling overproduction.

Instead of offering farm subsidies to farmers when commodity prices are low, Warren proposes a new supply management program that guarantees prices at the cost of production, known as “parity,” while relying on the government to stabilize the market by storing surpluses. She would also pour \$15 billion per year into an Agriculture Department program that pays farmers to adopt conservation practices.

Klobuchar, who has used her Midwestern roots as a selling point to voters, offered a more moderate approach with a focus on expanding farm support programs and boosting rural job growth. She unveiled her plan in Ankeny, Iowa, before starting a 20-county swing through the state.

The proposal calls for tying farm subsidies to the cost of production, which would likely boost the amount of money that producers receive, and expanding the portion of crop insurance premiums that are covered by taxpayers. Klobuchar would also hike funding for disaster aid and conservation programs that pay farmers to adopt environmentally friendly practices.

Gillibrand’s plan drew praise from former Agriculture Secretary Tom Vilsack, who called it “unique” for its focus on helping rural communities lead the effort to bolster their own economies, [the Associated Press reports](#). The proposal includes a new \$50 billion USDA block grant program for rural health care, infrastructure and other needs.

Yet another candidate, Sen. Cory Booker (N.J.), is releasing draft legislation that would encourage sustainable agriculture and other “nature-based” strategies for combating climate change. The bill would include billions of dollars to encourage climate-friendly farm practices and support renewable energy projects for farmers and rural businesses.