

News from Washington: August 12-16

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

### **Prevented Planting Skyrockets, Corn Prices Drop**

The department's Farm Service Agency on Monday rolled out its first estimate of 2019 prevented planting acreage, projecting that farmers were unable to plant a whopping 19 million acres because of heavy rain and flooding this year.

For comparison, prevented planting last year was roughly 2 million acres. This year's estimated total would be the largest on record, [USDA said](#). By commodity, corn accounted for 11.2 million of those acres, while farmers said they were prevented from planting 4.35 million acres of soybeans and 2.2 million acres of wheat.

USDA also released its monthly [World Agricultural Supply and Demand Estimates](#)— which immediately sent corn futures prices lower. The department surprised traders by raising its forecast for corn production to 13.9 billion bushels and corn yields to 169.5 bushels per acre. Meanwhile, it lowered its estimate of 2019-20 corn exports by 100 million bushels.

The plummet in corn prices was the steepest drop in six years, and it sent ripples through the commodity markets, [Bloomberg reports](#). Shares of poultry producers jumped on the prospect of cheaper animal feed, while ag equipment makers like Deere & Co. trended down in anticipation of lower farm income and fewer purchases of tractors and other machinery.

Some market watchers saw the higher-than-expected corn estimates as proof that farmers were planting more crops than they normally would, given the poor weather conditions, in order to get a bigger paycheck under USDA's trade relief program, [The Wall Street Journal reports](#).

### **Recession Alarm Bells Are Ringing**

Recession fears rose on Wednesday after an uncommon bond market event, known as an "inversion" of the yield curve, signaled that a downturn is likely approaching. That could spell trouble for Trump in 2020, as the strength of the U.S. economy has been one of his biggest selling points to voters.

The last yield curve inversion (basically, when short-term Treasury yields exceed long-term yields) came in 2007 before the financial crisis, and the phenomenon has occurred ahead of every recession since the 1950s. The Dow Jones Industrial Average sank 800 points on Wednesday — its largest drop of the year.

Corn futures prices continued to drop as the global economic worries [spilled over into grain markets](#), extending their decline after an Agriculture Department report on Monday forecast higher 2019 corn production than analysts expected.

Trade uncertainty is at the heart of the recession fears. Trump's tariff fights are hitting farmers and driving business spending lower. Commerce Secretary Wilbur Ross said Wednesday there's still no date set for the next in-person meeting between U.S. and Chinese officials.

Other factors? The economy has already lost momentum this year as the boost from the 2017 tax cuts has worn off. And the federal budget deficit is expected to soar past \$1 trillion this year, limiting the government's ability to juice the economy with additional spending.

Farmers on the front lines of the trade war have shown plenty of patience with the president, [as The Wall Street Journal noted](#). But another key piece of his political base is also feeling the brunt of the fallout, especially in the Rust Belt: manufacturers.

An emerging recession in the sector could damage Trump's standing in critical 2020 battleground states like Michigan, Ohio and Pennsylvania, where his trade war is already threatening to reverse manufacturing job growth, [Bloomberg reports](#).

### **EPA Dicamba Lawsuit Moves Forward**

The agency is facing its second lawsuit from environmental advocates who allege that EPA officials ignored scientific evidence and complaints from agricultural producers in its 2018 approval of XtendiMax, a brand name for dicamba. The groups, which include the National Family Farm Coalition and the Center for Food Safety, filed their opening brief this week.

The EPA in 2016 first approved XtendiMax — developed by Monsanto, now owned by Bayer — despite warnings from farmers, scientists, environmentalists and landowners about dicamba's tendency to drift onto neighboring properties. The agency was sued in 2017, but it reapproved the chemical in 2018 before that case concluded.

The EPA tried to address some of the concerns by restricting when and how often dicamba could be applied and setting mandatory buffer zones. The agency could not be reached for comment.

Now, the environmental groups are taking a second shot at challenging the agency in federal appeals court. They claim the spraying restrictions were based on recommendations from the company and haven't prevented dicamba drift from damaging crops again this year, especially in the Midwest.

### **Pelosi Talks USMCA With Ag Groups**

Representatives from Farmers for Free Trade and the Illinois Farm Bureau met with House Speaker Nancy Pelosi and Rep. Cheri Bustos (D-Ill.) on Wednesday at the Illinois State Fair to advocate for speedy passage of the new North American trade pact. Pelosi told the farm groups she wants to get to "yes" on passing USMCA, according to a source familiar with the meetings. Farmers for Free Trade, a coalition of agriculture groups co-chaired by former Democratic Sen. Max Baucus, has been traveling the country in a 25-foot RV since April, meeting with lawmakers and staff in support of the trade deal. A Pelosi spokesperson pointed to a [statement from the speaker](#) released by Bustos' office.

Attendees wore "Trade Supports My Farm" buttons. Several high-level Illinois Farm Bureau officials attended the confab, including President Richard Guebert; Director of National Legislation & Policy Development Adam Nielsen; and Executive Director of Governmental Affairs Mark Gebhards.

### **Closer Look at Enforcement Snag in USMCA Talks**

Language in the U.S.-Mexico-Canada Agreement that allows countries to block the formation of panels to hear certain trade disputes has emerged as a fault line in negotiations between U.S. Trade Representative Robert Lighthizer and House Democrats.

Lighthizer, an economic nationalist wary of giving international bodies too much power, defends the provision as a way to prevent a potential attack on U.S. anti-dumping and countervailing duties — measures the Trump administration has used against China and other countries. But

House Democrats fear Mexico could use the provision to block the U.S. from opening a case against the country if it fails to honor its labor commitments under USMCA.

Whether Lighthizer or the Democrats give ground on the issue will have consequences for USMCA's future, as well as a behind-the-scenes battle in Washington over the framework for future trade agreements.

Trump's trade chief succeeded in getting the provision at issue carried over from NAFTA's government-to-government dispute settlement system. No case has been filed under that system in nearly 20 years, in part because countries can block the formation of panels to hear cases, including by failing to agree on a panelist proposed by the complaining party. The U.S. used the provision to its advantage in a 2000 sugar dispute brought by Mexico.

### **DNC Seizes on Trump, Farmers as Ag Stress Ticks Up**

The DNC on Thursday blasted reporters with a laundry list of complaints about the Trump administration's impact on farmers. It was the fourth time the DNC has specifically gone after the administration's stance on agriculture in recent months, as Democrats continue to hammer Trump ahead of the 2020 election.

"Farmers are suffering, and Trump and his administration continue to make it worse," the DNC said Thursday in a [blast email](#) from its so-called War Room.

The DNC ticked off several recent news stories about the brewing tensions in the agriculture sector, including [wheat growers being furious](#) about Trump's dismissive comments about wheat exports to Japan, annoyance over a joke Secretary Sonny Perdue told [about farmers whining](#), and agriculture groups [denouncing](#) White House adviser Peter Navarro's claim that the administration's aid package will make farmers "whole."

Trump campaign remains confident farmers will stick with the president. "Farmers are patriots," said campaign spokesperson Kayleigh McEnany, when asked about farmer pushback on a [Florida radio program](#) this week. "They trust this president and for good reason. He has given them needed aid. Farmers understand the long game."

The president touted his confidence Thursday, [tweeting](#): "Our Great Farmers know how important it is to win on Trade. They will be the big winners!"

### **China Looks to Another Round of Retaliation**

Top officials in Beijing made it clear Thursday that they feel Trump's decision to move forward with another round of penalties "seriously violated" the consensus he and Chinese President Xi Jinping reached in late June when they met at the G-20 in Osaka, Japan.

Trump somewhat shrugged off the threat, telling reporters he doesn't think Beijing will end up retaliating at all. And if it does, he warned, the U.S. can still respond with what he vaguely referred to as "the ultimate form of retaliation."

"Just so you understand: I've been very mild about it — very, very mild," Trump told reporters Thursday evening before departing for a campaign rally in Manchester, N.H. "There's a long way I can go." He offered no further details.

Trump said he and Xi have a phone call scheduled "soon," a conversation that had not previously been on the agenda. An already-scheduled September meeting of negotiators from

both countries “is still on, as I understand it,” Trump said. He added that the two sides are still communicating by phone and “having productive talks.”

### **USDA Clarifies Terms of Deal with ERS Union**

Department leaders and the union representing Economic Research Service employees struck an agreement Friday that will offer some flexibility to workers affected by the agency’s relocation to Kansas City. After the American Federation of Government Employees [announced](#) the agreement, a USDA spokesperson clarified a number of its terms in an email to POLITICO.

There are no “blanket promises” when it comes to teleworking, the spokesperson said. Requests to telework through at least Dec. 30, with the possibility for extensions, will be considered on an “individual, case-by-case basis.” The date for relocated employees to report to Kansas City continues to be Sept. 30, the spokesperson added.

USDA agreed to request approval from the Office of Personnel Management to offer “incentive payments,” equal to one month’s salary, to employees who choose to move. The department would provide those payments to employees in positions deemed difficult to fill; the payments will not be tied to employee hardship requests, the spokesperson said.

AFGE had a different characterization, stating that the bonuses would “help compensate for the loss of income incurred by employees moving from the higher-wage D.C. area.”

USDA previously told employees they had until July 15 to decide whether to relocate, but now they have until Sept. 27. The department will also provide temporary housing for up to 120 days for those who accept reassignment.

Just a few weeks ago, the department [rejected](#) many of the union’s demands, including the ability to telework for a year. AFGE National President J. David Cox said the agreement is a positive development, but the union remains convinced the relocation is bad for employees, the agriculture industry and taxpayers.

The USDA spokesperson said the final terms reflect Agriculture Secretary Sonny Perdue’s commitment to “do right” by employees and ensure they have access to available resources.

### **EPA Exempts 4B Gallons Of Biofuels From RFS**

The agency [reported](#) Friday it granted 31 waivers to small U.S. refineries in 2018, freeing them of their mandate under the Renewable Fuel Standard to blend biofuels like ethanol into their gasoline. The exemptions covered more than 4 billion gallons, and renewed criticism from the corn and ethanol industries that the Trump administration is putting the interests of oil refiners ahead of farmers.

The Trump administration in 2017 and 2018 approved a total of 66 waivers — more than the combined total from the prior four years. The 2018 total was down slightly from the 35 waivers approved in 2017, however. EPA also denied six requests for exemptions, more than in the previous two years.

Opponents of the waivers argue they save the oil industry hundreds of millions of dollars while threatening demand for ethanol, a huge market for corn growers, who are already reeling from Trump’s trade disputes. “Mr. President, you proudly stand with farmers, but your EPA isn’t following through,” National Corn Growers Association President Lynn Chrisp said in a statement.

Biofuels groups late last month asked the D.C. Circuit Court of Appeals to revive their lawsuit over EPA's use of exemptions. The challenge has been on hold for more than a year, but during that time there has been no progress in talks with EPA, the groups say.

### **Trump Officials Defend ICE Raids**

The acting leaders of the Department of Homeland Security and U.S. Customs and Border Protection, Kevin McAleenan and Mark Morgan, made the rounds of Sunday talk shows to defend the immigration raids on seven food-processing plants in Mississippi last week. The four companies targeted were Pepco Foods, Koch Foods, PH Foods and Pearl River Foods.

The raids led to the arrest of 680 workers, about 300 of whom were released the same day while the others were moved to detention centers in Louisiana. McAleenan was questioned on NBC's "Meet the Press" as to why no action was taken against high-level officials at the companies for hiring undocumented workers. He said the raids had been planned for over a year and were part of a "criminal investigation" that included 14 federal warrants issued by a judge.

McAleenan acknowledged that the companies were exploiting undocumented workers, but argued people who are in the U.S. without the proper permission can't be ignored.

Morgan said on CNN's "State of the Union" that the probe is "a joint criminal investigation with ICE and the Department of Justice targeting work-site enforcement, meaning companies that knowingly and willfully hire illegal aliens, so that, in most cases, they can pay them reduced wages, exploit them further for their bottom line," he said.

The Trump administration has proposed a "merit-based" immigration overhaul, meaning people with advanced education would be prioritized over the low-skilled workers who are most likely to ease job shortages across the country at farms and meatpacking plants.

Trump's push to restrict immigration is clashing with his policy goals in ways that could undermine his 2020 reelection bid

### **USDA Takes Up Heirs' Property Issues**

The Farm Service Agency on Wednesday held a listening session on the implementation of 2018 farm bill provisions designed to help those holding heirs' property — land that's passed down without a will or clear title — to access USDA programs like farm loans and disaster aid. Such property arrangements are especially common in black families that faced discrimination or exclusion by the legal system.

The farm bill authorized federal loans to help people living on heirs' property clear their deeds and made it easier for those without deeds to register with the FSA and qualify for USDA programs. But, as activists at Wednesday's session pointed out, that money still needs to be appropriated and those relaxed registration requirements still need to be implemented.

Both [The New Yorker/ProPublica](#) and [The Washington Post](#) have recently dove into the issue.

### **Final 'Public Charge' Rule Tees Up Legal Battle**

The Department of Homeland Security's [final "public charge" rule](#) released Monday contained few surprises for anti-hunger advocates who have railed and organized against the proposal for months, and it immediately triggered legal challenges.

The Los Angeles-based National Immigration Law Center announced within hours of the rule's release that it will file suit. "This latest racially-motivated policy," said the group's executive director, Marielena Hincapié, "will have a dire humanitarian impact, forcing some families to forego critical life-saving health care and nutrition."

The Supplemental Nutrition Assistance Program, TANF, Medicaid, and housing assistance.

The final rule clarified that the use of benefits by U.S. citizens or people not subject to the public charge test will not count against immigrants being scrutinized under the new standard.

Even before the administration issued a proposed rule last year, agencies across the country saw decreased enrollment in the Special Supplemental Nutrition Program for Women, Infants, and Children, or WIC, due to widespread fear and confusion about the forthcoming plan.

The final regulation, which goes into effect Oct. 15, specifically noted the use of WIC wouldn't contribute to a public charge determination (which is in line with DHS' proposed rule from last year). DHS acknowledged it was "plausible" the regulation could still have a chilling effect driving families away from WIC, but the department stopped short of quantifying the phenomenon.

The department also said it's "difficult to predict the rule's disenrollment impacts with respect to people who are not regulated by this rule, such as people who erroneously believe themselves to be affected."

### **Trump's Trade Comments Irk Wheat Growers**

The president this week visited a Shell petrochemical plant in Pittsburgh, [where he riffed on topics from energy policy to the Oscars](#). One part of his freewheeling speech about trade with Japan rubbed wheat farmers the wrong way:

"They send us ... millions of cars, we send them wheat. Wheat. That's not a good deal," Trump said. "And they don't even want our wheat. They do it because they want us to at least feel that we're OK, you know, they do it to make us feel good."

The National Association of Wheat Growers on Wednesday rebuked Trump for the slight. "They don't buy our wheat because 'they want us to feel okay.' They buy it because it's the highest quality wheat in the world. That's not fake news," [NAWG tweeted](#).

Ag trade with Japan has been a sensitive topic recently as U.S. exporters watch competitors like Canada take over market share since the new 11-nation Trans-Pacific Partnership took effect. Trump, who withdrew from the original TPP shortly after his inauguration, is now seeking a mini-trade deal with Tokyo focused on farm goods and autos. Japan has been the top market for U.S. wheat exports.

### **Interior Eases Endangered Species Rules**

The Trump administration is rolling back decades-old protections for endangered animals, paving the way for oil, real estate and ag interests to more easily develop land.

The revisions announced Monday, which have been in the works at the Interior Department for over a year, include allowing federal regulators to measure the economic cost of protecting certain species.

The new rule would prevent the Fish and Wildlife Service from automatically offering full protections for “threatened” wildlife; minimize climate change as a factor in analyzing species for potential protections; and loosen protections for habitats where a species doesn’t currently live but might move into.

Interior Secretary David Bernhardt, a former oil and ag lobbyist, spearheaded the changes. Environmental advocates and states are gearing up to challenge the administration in court, pending a review of the final rule.

Sen. Tom Udall (D-N.M.), ranking member on the Senate Appropriations panel that oversees the Interior budget, suggested in a press release that lawmakers could intervene — potentially by using the Congressional Review Act. Senate Environment and Public Works Chairman John Barrasso (R-Wyo.), meanwhile, praised Interior’s move but said the rule didn’t go far enough.