

News from Washington: January 15-19

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How Shutdown Affects Ag

USDA plans to furlough roughly 70 percent of its employees today, somewhat fewer than during the last shutdown, Pro Ag's Helena Bottemiller Evich reports. In 2013, USDA furloughed 84 percent of its workforce. The decision to leave more resources in place comes as the White House says it's attempting to make the shutdown less painful to the public.

Not all of USDA's divisions detail what percentage of their workforce will be furloughed, but many, like rural development, will operate with a skeleton crew — albeit a slightly beefier one than when the government shut down in 2013.

Essential personnel: The Food Safety and Inspection Service will have most employees working in order to help meat and poultry plants continue operating. The USDA outlined a few more details on which functions will continue at various agencies on its website.

The FDA, on the other hand, will stop conducting routine food facility inspections and will be unable to support some of its import monitoring, according to a contingency plan posted by the Department of Health and Human Services. The agency will step in should there be any high-risk recalls.

The weekend recap: Despite some signs of bipartisanship, the weekend ended without a deal. The Senate is expected to vote at noon today on a bill to fund the government through Feb. 8, although it's unclear whether there will be enough support for passage.

Despite the furloughs and vacant buildings, shutdowns can cost the government more than keeping it operating — to the tune of tens of millions a day.

NAFTA Talks to Continue Even If Government Shuts Down

U.S. trade officials will participate in the sixth round of NAFTA negotiations as scheduled even if the government shuts down tonight, the Office of the U.S. Trade Representative said.

The round is scheduled to begin Sunday in Montreal, Canada.

An agency spokeswoman confirmed that USTR's shutdown procedures remain the same for 2018 as they are currently written in a contingency plan from the Executive Office of the President that was last updated in September 2015. The plan says that USTR would furlough all but 75 employees, though that number could be adjusted up or down as necessary.

A shutdown would not affect the size or makeup of the USTR delegation headed to Montreal, the spokeswoman said.

But other agencies that typically send staff to negotiate certain chapters — including the Treasury, Commerce and Agriculture departments, as well as the EPA — could be limited in deciding who, if anyone, they will still send to Montreal. Each agency has its own contingency plan and will make an individual decision.

FDA Pledges Food Recall Fixes

After the Food and Drug Administration was assailed by the Inspector General over its poor handling of food recalls, the agency said Thursday it was undertaking major improvements.

The agency published a 12-page draft guidance, and described in a blog how it would improve its notification system. Among the changes: the agency would include in its weekly enforcement report items it was investigating for recalls, wrote Douglas Stearn, FDA's director in the Office of Enforcement and Import Operations, which is part of the Office of Regulatory Affairs.

Even though recall classifications can take weeks or even months, "FDA has decided that the public would benefit by having recall information about FDA-regulated products as soon as possible, even though further evaluation remains to be done," he wrote.

Grocer information — sometimes: Later on Thursday, FDA Commissioner Scott Gottlieb released a statement saying his agency would start disclosing, in certain cases, which stores sold the food that was later recalled - something that the USDA has done for many years. "In some situations, identifying additional information — such as specific stores that may have sold a potentially unsafe, recalled food — may help," said Gottlieb.

More changes ahead: Gottlieb hinted that 2018 may bring even more changes to FDA's recall system, saying: "The draft guidance issued today is just the first in a series of policy steps we'll take this year as part of a broader action plan to further improve our oversight of food safety and how we help implement the recall process."

Conaway Seeks Farm Bill Price Tag

The House Agriculture Committee is waiting for an official 10-year estimate of its new draft of the farm bill, but remains on track to unveil the legislation by March, according to Chairman Mike Conaway.

The Texas Republican said that he needed to see a score from the Congressional Budget Office to make sure "we can afford the proposal" - highlighting how, in the politics of the farm bill, money talks.

Agriculture lawmakers are under no illusions that additional funding will be available for the next farm bill, so they are driving toward one that won't increase the federal deficit. The current 2014 farm bill is projected to cost about \$875 billion over a decade, but the CBO is expected to update that estimate this month.

In Senate, effort to boost farm bill spending on hold: A yearslong attempt by cotton and dairy farmers to bolster their financial assistance - and thereby the farm bill baseline - seemed to be headed for the finish line after the House in December passed a \$81 billion disaster relief bill (H.R. 4667 (115)). The package included a provision that would change cotton and dairy support programs. But that effort is in a holding pattern in the Senate, which is focused on other priorities, a staffer said.

Lighthizer Criticizes China, Russia as Threats to Global Trading System

China and Russia have failed to adequately open their markets and make economic policy changes necessary to fulfilling commitments they made when joining the World Trade Organization, U.S. Trade Representative Robert Lighthizer said.

Lighthizer's statement followed the release of a pair of reports examining the two countries' compliance with various WTO obligations. The reports are released annually, but came about a month later than usual.

"The United States is committed to working with all WTO members who share our goal of using the WTO to create and enforce rules that lead to more efficient markets, reciprocal benefits and greater wealth for our citizens," Lighthizer said in a statement.

"However, as these two reports show, the global trading system is threatened by major economies who do not intend to open their markets to trade and participate fairly," he continued. "This practice is incompatible with the market-based approach expressly envisioned by WTO members and contrary to the fundamental principles of the WTO."

Both the 148-page China report and the 54-page Russia report reflect the administration's belief that it was a mistake to allow the two countries to join the WTO, and the U.S. argues that neither country is fully living up to its obligations.

USTR faults Beijing for remaining a largely state-run economy that continues to use "a wide array of continually evolving interventionist policies" aimed at limiting market access for goods and services imports.

It also highlights difficulties the U.S. and others face when exporting to Russia, particularly regarding agricultural products.

Senate Sends Surveillance Bill to Trump

In a 65-34 vote, the Senate approved a bill that renews for six years spying tools "that intercept the digital chatter of foreign targets but also incidentally collect personal information on an unknown number of Americans. Twenty-one Democrats supported the bill, easily putting it over the threshold despite seven GOP defectors who opposed the measure." Trump is expected to sign the legislation.

The vote on extending Section 702 of the Foreign Intelligence Surveillance Act, or FISA, silences opposition from both sides of the aisle. "The libertarian House Freedom Caucus fiercely fought the bill, arguing it didn't provide the necessary protections for Americans swept up in the 702 net. Other Republicans threatened to withhold support unless Congress changed the rules for how Americans' identities could be exposed in intelligence reports, a process known as unmasking that jumped into the spotlight after Trump alleged the Obama administration had misused it to spy on his transition team. And many Democrats joined these Republican defectors, siding with libertarians on their privacy concerns."

WTO Panel Sides with U.S. in China Chicken Dispute

A WTO panel has ruled that China has largely failed to comply with an earlier decision that faulted Beijing for anti-dumping and countervailing duties imposed on imports of U.S. chicken products.

China had originally imposed duties against U.S. chicken imports in 2010. The duties were challenged and, in a ruling in 2013, found to be in violation of WTO rules.

Beijing then reexamined imports of U.S. chicken products and applied new anti-dumping duties. The renewed Chinese subsidy investigation resulted in lower countervailing duties for most of the targeted U.S. companies, but some American exporters were hit with higher anti-dumping duties. The U.S. challenged the latest round of tariffs in May 2016.

China's anti-dumping duties from the new investigation ranged between 46.6 percent and 73.8 percent on imports from Tyson Foods, Pilgrim's Pride and Keystone. Tyson and Keystone saw

their anti-dumping duties decrease while tariffs increased on imports from Pilgrim's Pride. Countervailing duties for most of those companies decreased to a range of between 4 percent and 4.2 percent.

China and the U.S. will have 20 days to decide whether to appeal any of the findings in the case.

Bipartisan Nutrition Working Group Kicks Off in House

A small bipartisan working group focused on using nutrition to improve the nation's health formally launched in the House on Wednesday, just in time for the 2018 farm bill cycle.

The Food is Medicine Working Group, which is part of the House Hunger Caucus, is led by a mix of New England Democrats and Kansas Republicans: Reps. Jim McGovern (D-Mass.), Lynn Jenkins (R-Kan.), Chellie Pingree (D-Maine) and Roger Marshall (R-Kan.). The group aims to emphasize the link between nutrition programs and health outcomes — a small step toward better aligning agriculture and health policy.

"My hope for this working group is that we're able to explore our nation's anti-hunger safety net and to discuss ways to make it even better," McGovern said Wednesday at a standing-room-only briefing on Capitol Hill.

McGovern listed several policies the group might take up, including incentivizing the purchase of fruits and vegetables, bolstering Supplemental Nutrition Assistance Program education, looking at "medically tailored" meals to help people fight disease, and exploring programs that allow doctors to give their patients prescriptions for produce instead of pharmaceutical drugs.

"Our hope that this working group is going to be about more than just talk, it's going to be about action," McGovern said. "There really are areas where Democrats and Republicans can come together on this issue of 'food is medicine.' We have a farm bill coming up and we have other legislative vehicles coming up where I hope that, in a bipartisan way, we can present some suggestions."

Staff on both sides of the aisle attended the briefing, along with food and ag policy leaders from Tufts University, the George Washington University Food Institute, Harvard Law School, Feeding America, the Partnership for a Healthier America and the food industry. It was notable in its overarching theme of bipartisanship.

Marshall, a conservative, heaped praise on McGovern and touted their friendship. "You have personified what civility looks like to me," Marshall said. "If anything, we agree on the same goals, the same objectives: that we don't want any kids going to bed hungry at night, we want to make sure the elderly have access to nutrition — truly, food is health. Sometimes we may disagree on how we get there, but we certainly agree on the goals and objectives, and I appreciate your leadership."

Marshall, an OB-GYN who said he's delivered an average of one baby per day over the course of his career, went on to talk about the importance of proper nutrition for pregnant women, offering strong praise for the WIC program, which supports pregnant women, infants and young children.

"Of all the programs that I've seen work great at the federal and state level, in the real world, both WIC and [the Maternal & Infant Care Program] do a great job of helping educate women of what they should be eating," he said.

Senators Press Trump on Infrastructure Funding for Broadband

Leaders of the Senate Broadband Caucus asked President Donald Trump to include dedicated funding for broadband deployment in his forthcoming infrastructure package, following statements from White House officials that such a set-aside is off the table.

"Without dedicated funding for broadband deployment, proposals to bring broadband to unserved areas may struggle to compete with other larger infrastructure projects," wrote the five senators, including two Republicans. "Stand-alone funding for broadband will ensure that telecommunications infrastructure is advanced alongside needed upgrades to our roads, rail, bridges, ports and waterways."

The co-chairs of the caucus are Sens. Shelley Moore Capito, John Boozman, Amy Klobuchar, Heidi Heitkamp and Angus King.

House Energy and Commerce Committee Republicans, meanwhile, today continued to file broadband infrastructure bills, which they hope to incorporate into the infrastructure effort. The new measures do not provide funding but would remove regulatory barriers and make other policy tweaks aimed at boosting broadband deployment.

SNAP Increasingly Tied to Positive Health Outcomes, Report Finds

A growing body of evidence has found that the Supplemental Nutrition Assistance Program, still widely known as food stamps, is linked to better health outcomes, according to a new report by the Center on Budget and Policy Priorities.

The CBPP report, which summarizes existing literature on the subject, adds to the narrative that spending on SNAP can potentially save money in other ways, such as lowering health care costs — much like the Special Supplemental Nutrition Program for Women, Infants and Children has been shown to reduce the number of babies born at a low birth weight, an outcome that benefits children and cuts costs.

"The available evidence suggests that SNAP is at least associated with and may promote better health and lower health care costs," the paper concludes. "And, to the extent this connection exists, it is plausible that policies that limit program eligibility and cut SNAP benefits would harm health and raise health care costs."

The report points to research, for example, that found that, on average, low-income adults participating in SNAP incur nearly 25 percent less in medical care costs annually than low-income adults not participating in the program. (The average difference was \$1,400.) The gap between low-income SNAP participants and low-income non-SNAP participants is even bigger for people with hypertension (a difference of about \$2,600) and those with coronary heart disease (a difference of roughly \$4,100).

The discussion about whether SNAP correlates with positive health outcomes has picked up in recent years. In 2015, the Obama White House issued a report that focused on some of the long-term benefits of SNAP and highlighted emerging research on health outcomes, childhood development and academic performance.

Organic Groups Protest USDA's Reversal on Livestock Standards

A coalition of more than two dozen consumer groups and organic companies, including Organic Valley and Whole Foods, took out a full-page ad in The Washington Post today to express anger over USDA's decision to halt an effort to set specific standards for how organic livestock are raised.

In December, USDA said it would scrap the rule after more than a decade of work went into it. The Agricultural Marketing Service said it believes the department's effort went beyond its statutory authority and that it also went "beyond the intent" of the federal law that created the organic program.

The decision has sparked outrage from a large number of organic companies that had supported the standards as a way of helping to ensure a level playing field in the industry. The groups' advertisement in The Washington Post included an open letter that was published below a large, bold-faced title: "If you eat food, you should read this."

"Organic farmers have pioneered new practices to enhance animal welfare because consumers demand it and because it makes farms more resilient and profitable," the letter, addressed to Agriculture Secretary Sonny Perdue, said. "Eliminating the rule not only fails to acknowledge innovation in the organic farming sector and provide fair and transparent rules, it also undermines the faith people have in how organic agriculture is governed."

The letter, organized by Organic Valley, was signed by Applegate, Stonyfield, Horizon, Clif and several other companies. The Environmental Working Group, Center for Science in the Public Interest, and The Humane Society of the United States also supported the letter. The groups encouraged consumers to comment on USDA's decision.

White House: Trump Told Xi Growing U.S. Trade Deficit 'Not Sustainable'

President Donald Trump told Chinese President Xi Jinping on Monday that he was "disappointed" in the growing U.S. trade deficit with China and "made clear that the situation is not sustainable," the White House said in a readout of call between the two leaders.

The exchange came as Trump faces a number of decisions that could restrict solar product, steel, aluminum and washing machine imports from China and other suppliers.

A decision in the solar product case is expected by Jan. 26. A decision in the washer case is due in early February, and decisions in the steel and aluminum cases are due in April. The Trump administration also has another probe aimed specifically at China over allegations of intellectual property violations and pressure on American firms to transfer technology. That could lead to unilateral import or investment restrictions on China.

Press reports out of China said Xi asked Trump during the call to resume high-level trade and economic talks that were put on ice last year after a July meeting of the U.S.-China Comprehensive Economic Dialogue failed to achieve meaningful results. However, there was no reference to that in the White House statement.

The White House statement indicated the main purpose of Monday's call was to discuss recent developments on the Korean Peninsula.

"President Trump and President Xi acknowledged the resumption of inter-Korean dialogue and expressed hope that it might prompt a change in North Korea's destructive behavior. President

Trump committed to sustain the United States-led global campaign of maximum pressure to compel North Korea to commit to denuclearization," the statement said.