

News from Washington: January 22-26

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Perdue Announces USDA's Farm Bill and Legislative Principles for 2018

U.S. Secretary of Agriculture Sonny Perdue announced the U.S. Department of Agriculture's Farm Bill and Legislative Principles for 2018 during a town hall at Reinford Farms in Mifflintown, Pennsylvania.

"Since my first day as the Secretary of Agriculture, I've traveled to 30 states, listening to the people of American agriculture about what is working and what is not. The conversations we had and the people we came across helped us craft USDA's Farm Bill and Legislative Principles for 2018," said Secretary Perdue. "These principles will be used as a road map – they are our way of letting Congress know what we've heard from the hard-working men and women of American agriculture. While we understand it's the legislature's job to write the Farm Bill, USDA will be right there providing whatever counsel Congress may request or require."

Download [USDA's 2018 Farm Bill and Legislative Principles](#)

[Source: USDA](#)

NAFTA Updates: Hoping for Completion

The U.S. has complained bitterly about the slow pace of NAFTA negotiations to date, but for some sections at least, the end may be near. Canada's chief NAFTA negotiator, Steve Verheul, said Thursday that the sixth round of talks in Montreal could lead to a revamped sanitary and phyto-sanitary chapter of the pact, which governs rules on food safety and animal and plant health. "We did have some discussions on that today," he said. "We're hoping that it will close, but it's not there yet."

Dairy talks, however, stalled: The U.S. dairy industry may have to take a back seat to other tough issues involving autos, government procurement and dispute settlement.

"I believe that there is a path for dairy, and I do believe that even the Canada government knows that there is a path for dairy," Jaime Castaneda, senior vice president for trade policy at the National Milk Producers Federation. "But I think that they feel that they need to know that there is a path on a number of other issues first. There is no point to agree on that path for dairy if you're not going to agree on the other issues."

Contradicting Canada: Castaneda brushed off the idea that Canadian producers had nothing left to give in the NAFTA negotiations, as Jacques Lefebvre, president and CEO of the Dairy Farmers of Canada, suggested this week. Lefebvre said too many market-opening commitments were already made by Canada in the Trans-Pacific Partnership and a trade deal with the European Union.

"We can start by fixing your pricing scheme that allows you to dump excess products into the export market," Castaneda retorted. In addition, most countries allow far more imports than the meager amounts Canada provided in the TPP and EU deals, he said.

NAFTA update from Davos: NAFTA is "absolutely not" dead, Canadian Foreign Minister Chrystia Freeland said during a discussion Thursday at the World Economic Forum in Davos, Switzerland. Mexican Economy Minister Ildefonso Guajardo added: "We are in a much better standing than a year ago" when it comes to reaching an agreement on NAFTA renegotiations.

The two will be in Montreal on Monday for talks with U.S. Trade Representative Robert Lighthizer.

Supreme Court Picks Path Through District Courts for WOTUS

Challenges to a replacement for the Waters of the U.S. rule must first go through federal district courts, rather than going straight to the circuit court level, the Supreme Court ruled today — a loss for the Trump administration that stands to significantly complicate the path toward any future clarity around the scope of the Clean Water Act.

Justices unanimously sided with an oddball coalition of industry groups, environmentalists and states who successfully argued that the Clean Water Act says such regulations should be heard first in district courts.

The ruling also means the 6th Circuit Court of Appeals must end its nationwide stay of the rule, a twist that means the Obama administration rule would go back into effect — at least briefly — in a patchwork of states across the country.

EPA Administrator Scott Pruitt has proposed delaying WOTUS' effective date until 2020 while the agency works on a rewritten version. However, until EPA finalizes that delay, the rule will soon be back in force in 37 states. Another 13 states are still covered by a stay issued by a district court in North Dakota.

Finalized by the Obama administration in 2015, WOTUS sought to define which waters fall under federal jurisdiction. It was one of Obama's most controversial regulations. President Donald Trump has ordered his administration to draft its own version of the rule defining a much narrower scope of federal power.

WHAT'S NEXT: The Supreme Court ruling means the WOTUS rule will likely go back into effect, at least briefly, once the 6th Circuit lifts its nationwide stay. Outside lawyers tracking the case expect Pruitt to move quickly to try to block the Obama-era rule.

EPA: WOTUS Won't Go into Effect, Despite SCOTUS Ruling

The Obama administration's Waters of the U.S. rule won't go into effect, EPA says, despite the Supreme Court ruling that invalidates the stay of the 2015 rule.

EPA water chief David Ross told POLITICO that his agency will finalize a rule delaying implementation of the Obama rule in about a month, which is how long he expects the legal formalities at the Supreme Court and the 6th Circuit Court of Appeals to take before the nationwide stay is lifted.

"We had a plan in place to address this exact situation," Ross said. He said the process for finalizing the delay rule is moving "very quickly" and does not expect it to be delayed by the government shutdown, even if it lasts beyond this week and affects EPA employees.

The Supreme Court ruled today that litigation against the Obama rule, also called the Clean Water Rule, should have gone through district court first, meaning that the nationwide stay issued by the 6th Circuit is invalid. Without swift action from EPA, that would mean the rule would go into effect in the 37 states not covered by a stay issued by a North Dakota district court.

Ross, who was confirmed for the water post in December and arrived at EPA earlier this month, said he is focused on rulemakings relating to the water rule but is recused from litigation over the Obama regulation. In a previous job with Wyoming's attorney general's office, Ross sued over the Obama rule.

WHAT'S NEXT: EPA will work to finalize its two-year delay of the Obama administration rule before the 6th Circuit's stay is lifted.

EPA Sends WOTUS Delay Rule for White House Review

EPA has sent the final version of its regulation to delay implementation of the Obama administration's Waters of the U.S. rule to the White House for review.

The administration needs to move quickly to finalize its delay of the controversial 2015 rule if it wants to prevent it from going into effect after Monday's Supreme Court ruling that will require lifting a stay issued by the 6th Circuit Court of Appeals, which the court said did not have jurisdiction in the first place. Without a delay from EPA, the regulation would go into effect in 37 states that aren't covered by a hold put in place by a North Dakota district court.

The delay rule was sent to the White House Thursday. EPA's water chief, David Ross, told POLITICO that it would be finalized within a month. The Supreme Court ruling could be finalized and sent to the 6th Circuit as soon as 25 days after the decision.

The delay rule would be the Trump administration's first official move in its bid to kill the Obama rule and replace it with one of its own writing. The agency has said it expects to finalize its rule to withdraw the Obama-era rule in April and has been collecting comments from states, industry groups and other stakeholders on what a rewrite should look like.

WHAT'S NEXT: The White House will review the delay rule, after which it can be finalized. Challenges to the rule from environmental groups and Democratic states are expected.

Trump Backs Path to Citizenship For 1.8M Dreamers

The White House today proposed to Congress an immigration reform plan that would give 1.8 million undocumented immigrants brought to the U.S. as children a path to citizenship "in exchange for dramatic restrictions on immigration going forward and a \$25 billion fund for border security." The 1.8 million figure is more than double the 700,000 people protected under the Obama administration's Deferred Action for Childhood Arrivals policy. A senior administration official outlined the proposal in a call with Republican Hill staffers this afternoon. The official framed the plan as "a compromise position that we believe ... will get 60 votes in the Senate" and "a framework that ultimately will lead to passage of a law."

"The official told Republican staffers that the White House proposal would establish a \$25 billion trust fund for a border defense system, including a wall along the Mexican border — a key campaign promise made by President Donald Trump that he has repeatedly indicated must be included in a final deal. That money would also go toward technology and security at the Canadian border," Rachael Burgess and Lorraine add. "The framework also eliminates the visa lottery and curbs U.S. migration by extended families, a fundamental change to existing immigration policy. ... The White House will also ask for additional money to hire more U.S. Customs and Border Protection agents as well as immigration judges, attorneys and prosecutors."

Revised TPP Moves on Without U.S.

For the anniversary of his inauguration, Trump got a shutdown — and on the exact day he withdrew from the Trans-Pacific Partnership a year ago, the 11 remaining TPP countries wrapped up negotiations on a revised Pacific deal without the U.S. Canadian Prime Minister Justin Trudeau said Ottawa accepted the new text after changes made it "more progressive and stronger for Canadian workers on intellectual property, culture and the automotive sector." The 11 countries — Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore and Vietnam — plan to sign the new agreement, dubbed the Comprehensive and Progressive Agreement for Trans-Pacific Partnership, in early March.

In a contrast from Trump and his pledge to help workers by pulling out of trade deals and imposing tariffs, Trudeau defended international trade and argued that progressive agreements help the working class. In a speech on the first day of the World Economic Forum in Davos, Switzerland, Trudeau said that "if we're going to push back against the anti-trade tendency in globalization that will leave us all worse off, we have to put the concerns and the well-being of our ordinary citizens at the center of what we are negotiating." Canada's progressive asks for the CPTPP likely indicates what Ottawa needs to see in NAFTA to sign off on it. "Canada has consistently called for stronger labor and environmental standards — as well as the inclusion of other progressive elements supporting women and indigenous peoples — to be a part of any updated NAFTA."

Crying over milk that hasn't spilled: "Canadian dairy producers say they have nothing left to give in concessions as part of the talks on revamping NAFTA now that the Canadian government concluded" CPTPP talks. "Among other things, the U.S. dairy companies want the new NAFTA to get rid of Canada's pricing program, which they say is causing a glut on the world market of milk protein concentrates, such as skim milk powder. The U.S. sector also has taken issue with Canada's supply management system, which supports prices and farmer incomes by capping milk production and restricting imports. The Canadian government agreed to some ways to open its dairy market as part of the TPP deal originally struck in late 2015, when the United States was the driving force behind the talks. [But with the U.S. out], in essence, other parties to the new pact that export dairy — such as New Zealand and Australia — will gain all of the new dairy market access without having to share it with the United States, [Jacques Lefebvre, chief executive officer of Dairy Farmers of Canada] said."

Speaking of tariffs, Trump signed two Section 201 actions that impose tariffs and other trade restrictions on imports of solar panels and washing machines. China and Mexico vowed to challenge the decisions, with Beijing calling the tariffs "an abuse of trade remedy measures."

Trump Says He's Open to TPP If It Were 'A Substantially Better Deal'

President Donald Trump said he would be willing to reconsider having the United States be part of the Trans-Pacific Partnership if it were renegotiated in a way that made it more beneficial for the country.

"I would do TPP if we were able to make a substantially better deal," Trump told CNBC during an interview at the World Economic Forum in Davos, Switzerland. "The deal was terrible. The way it was structured was terrible. If we did a substantially better deal, I would be open to TPP."

Trump's comments came almost exactly one year after he withdrew the U.S. from the Pacific Rim trade agreement and just days after the remaining 11 countries finalized a revised text that they plan to sign in March.

Trump, who has repeatedly railed against all so-called multilateral trade agreements, did not specify the changes he would need to see in order for him to consider the agreement acceptable. He had not previously suggested publicly that he would be willing to reconsider the TPP, which was a flash point issue during the 2016 campaign.

"I like bilateral [trade deals] because if you have a problem, you terminate," Trump told CNBC. "When you're in with many countries, like with TPP ... you don't have that same option."

Trump also repeated his standard line on NAFTA, saying the U.S. is renegotiating it in an attempt to reduce its trade deficits with Canada and Mexico — but he left the door open to the idea that the U.S. might withdraw.

"I think we have a good chance" of reaching a deal, he said, "but we'll see what happens."

Perdue: Delays in USDA Appointees 'Crippling'

Agriculture Secretary Sonny Perdue said that the continuing delay in getting top USDA officials installed could stymie certain priorities, such as improving customer service at the department's state and county offices.

"It's been pretty crippling, quite frankly," Perdue told reporters on a drive to USDA's Farm Service Agency serving Adams County, an area that includes Gettysburg.

The bulk of Senate-confirmed positions at USDA haven't been filled, because of either hold ups on Capitol Hill or delays by the White House. President Donald Trump has yet to nominate undersecretaries for mission areas like food safety, nutrition and research.

Perdue specifically cited the hold that Sen. Ted Cruz (R-Texas) has placed on the nomination of Bill Northey to be undersecretary for farm production and conservation. Northey will be crucial to carrying out part of the USDA reorganization that Perdue unveiled last year.

He will also be actively involved in the secretary's commitment to delivering better and more-efficient customer service at FSA and Natural Resource Conservation Service offices across the country. Perdue said he was waiting for Northey to be confirmed before installing administrators at the FSA and NRCS.

"If I'm going to hold [Northey] responsible, I think he ought to choose the people that will be working for him," Perdue said.

The good news, Perdue notes, is that USDA has hard-working career staff.

"I don't have that 'deep state' issue we see at some other agencies," he added, referring to allegations that federal employees are sympathetic to liberal or Democratic issues and therefore are conspiring to derail the Trump administration's agenda.

FDA Releases Guidance to Help Food Producers Meet FSMA Requirements

The FDA issued guidance that aims to help importers and food producers comply with food safety rules mandated by the Obama-era Food Safety Modernization Act.

The [guidance documents](#) "represent the latest steps the FDA is taking to prevent foodborne illness by ensuring food producers understand and effectively implement [FSMA]," an FDA release said.

The guidance — broken down into five documents — represents an outline of FDA's thinking on FSMA but does not include legally required responsibilities. It is meant to serve as a foundation for producers and importers to ensure that their suppliers are meeting applicable food safety standards, the agency said.

"Our ultimate goal is to keep food — both imported and domestic — safe for Americans, and importers and manufacturers play key roles by helping to ensure the safety of their food products," said Stephen Ostroff, deputy commissioner for foods and veterinary medicine.

Perdue Emphasizes Public-Private Partnerships to Fund Ag Research

Agriculture Secretary Sonny Perdue said today that he hopes funding for agricultural research will be a priority during the Trump administration, but is entrusting congressional appropriators to make such decisions.

Congress understands the importance of research to food security, Perdue said. He added that federal funding can't be the "end all, be all" for supporting U.S. agricultural research, emphasizing the importance of USDA's cooperation with land-grant universities, state and local governments, and the private sector to help America maintain its competitive scientific edge against other countries increasingly investing in this type of research.

The secretary's remarks to reporters came during a tour of Penn State University, a land-grant institution that has a USDA Agricultural Research Service facility on campus that studies watershed and pasture management.

Perdue is rolling out his principles for the next farm bill during a daylong tour through central Pennsylvania. On research, Perdue advised Congress to commit to an agenda that ensures the U.S. is at the forefront of food and agriculture scientific development. The principles also encourage leveraging federal dollars through public-private partnerships and channeling investments to the highest priority innovations, technology and education networks.

Perdue said he told President Donald Trump that if the manufacturing industry, like the ag industry, had an "ecosystem" of applied research and an extension service to deliver that knowledge, "we wouldn't be talking about its demise."

Ross: U.S. Troops 'Coming to The Ramparts' for Trade Wars

Commerce Secretary Wilbur Ross said today he was fully braced for potential trade wars triggered by President Donald Trump's 'America First' policy.

"Trade wars are fought every single day," Ross told the World Economic Forum in Davos. "Unfortunately every single day there are various parties violating the rules and taking advantage. There have always been trade wars. The difference now is U.S. troops are now coming to the ramparts."

Ross' comments follow decisions by Trump on Monday to impose tariffs on solar panels and cells, mostly directed against Chinese exporters, as well as tariffs against washing machines hitting South Korea companies. Ross' Commerce Department on Tuesday also announced preliminary anti-dumping duties against Spanish exports of table olives.

"Protections are essential to having markets operate properly, to have everyone play by the rules," Ross said.

"[The] next focus will be property rights, steel and aluminum," he continued, alluding to potential section 232 tariffs on steel and aluminum, on which the President has to decide until April, and a section 301 investigation into Chinese copyright thefts and forced technology transfers. "There will be a busy trade agenda," Ross said.

Speaking alongside Ross was Treasury Secretary Steven Mnuchin, who said that Trump, who will deliver a keynote speech in Davos on Friday, will likely push for "reciprocal" free trade. The president will "talk a lot about his economic program and the impact on the global economy," Mnuchin said.

USDA Helped Improve Essential Services for 7 Million Rural Residents in 2017

Agriculture Secretary Sonny Perdue announced that USDA invested in nearly 400 projects to provide essential services for more than 7 million people in rural areas across the country in Fiscal Year 2017.

"Partnering with our small towns and cities to support essential services that rural residents need is one way USDA is facilitating prosperity in rural America," Perdue said. "USDA's investments will help communities significantly improve their schools, hospitals and public safety facilities, and improve the quality of life."

USDA infused \$1.5 billion into rural areas in 2017 through the Community Facilities Direct Loan Program for projects such as schools, libraries, municipal centers, first responder vehicles and equipment, social service buildings, recreational activities and other community needs. These investments are helping nearly 7 million rural residents.

Visit [usda.gov](https://www.usda.gov) for the complete list of projects.

[Source: USDA](#)