

News from Washington: October 15-21

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Farm Bill on The Campaign Trail

Vice President Mike Pence is on the campaign trail in Kansas and Iowa today, and could relaunch a White House push for Congress to pass a farm bill with stricter work requirements for certain Supplemental Nutrition Assistance Program recipients.

Pence's first stop is Topeka, Kan. Later in the day, he travels to Des Moines, Iowa, to give remarks at an event for Rep. David Young (R-Iowa). Then, it's on to the Republican Governors Association event with Gov. Kim Reynolds, according to a schedule released by Pence's office. A spokesperson for Pence confirmed plans to bring up the farm bill during stump speeches. The White House message is similar to that of House Republicans: The unemployment rate is low and there are a lot of job openings across America, so Democrats should get on board with more work requirements for millions of food-stamp recipients.

The House farm bill would significantly expand the pool of able-bodied adult recipients who would be required to work an average of 20 hours per week — a concept that's politically dead on arrival in the Senate. But the White House wants to ensure House Democrats don't get "a pass" for voting no on the farm bill.

On the Senate side, the political heat will likely be directed at Agriculture ranking member Debbie Stabenow (D-Mich.), as well as more vulnerable senators up for reelection like Heidi Heitkamp (D-N.D.), Joe Manchin, (D-W.Va.) and Bill Nelson (D-Fla.), for stalling negotiations — even though Senate Agriculture Chairman Pat Roberts (R-Kan.) has objected to the House's SNAP proposal. He asserts it can't clear a 60-vote hurdle.

Perdue, after eating lunch on Thursday at Discovery Elementary School in Arlington, Va., said he doesn't plan to join Pence on the campaign trail to talk about the farm bill, but would continue to speak out in favor of stricter work requirements, as he has for the past several months.

USDA already has a proposal to tighten work requirements on able-bodied adults under review at OMB. Still, Perdue told reporters that he doesn't want to get ahead of Congress on the issue, creating some uncertainty about when the department will release the rule.

USDA Can Do Even More Cuts, Purdue Says

Perdue told reporters Thursday that he plans to heed Trump's directive to slash federal spending by 5 percent — and thinks USDA can find even greater savings than that.

The president's call to action follows a Treasury Department report on the budget shortfall for fiscal 2018, which totaled \$776 billion — 17 percent higher than the previous year — driven in large part by a decline in corporate tax revenue following the Republican tax overhaul. "USDA will absolutely participate in that," Perdue said after the school lunch event.

The fiscal 2019 budget blueprint Trump sent to Congress requested a 16 percent cut to USDA discretionary spending, though lawmakers rebuffed the proposal in appropriations legislation.

It is still unknown whether Perdue's decision to relocate USDA's Economic Research Service and National Institute of Food and Agriculture out of Washington next year will save any money because the department hasn't released a cost-benefit analysis. Perdue has said there isn't

enough data yet to project how many staffers will leave. So far, 139 cities in 34 states have applied to be the relocation destination.

USDA Provides Hurricane Michael Victims Needed Relief and Recovery Aid

To help residents, farmers and ranchers affected by the devastation caused by Hurricane Michael, U.S. Secretary of Agriculture Sonny Perdue has directed the U.S. Department of Agriculture (USDA) to aid people in their recovery efforts. USDA staff in the regional, state and county offices are actively responding, providing emergency response staffing and a variety of program flexibilities and other assistance to residents, agricultural producers, and impacted communities at large.

“The widespread devastation I saw in Georgia while surveying the damage this week makes clear that many agricultural producers were significantly impacted by this storm,” said Secretary Perdue, who traveled to storm-affected areas in Georgia with [President Trump](#) and [Vice President Pence](#) earlier this week. “USDA is committed to helping farmers and ranchers and rural communities successfully rebuild following Hurricane Michael.”

More information is available on the [USDA website](#).

Trade Aid for Farmers Keeps Flowing

USDA’s trade relief payments are trickling out with the fall harvest well underway. So far, \$137 million has been paid to farmers stung by retaliatory tariffs, and another \$102 million in estimated payments is on the way.

USDA is offering a total \$4.7 billion in this first round of direct aid, and just 3 percent of that has actually gone out to producers since the program opened up for applications Sept. 4. About 88,000 farmers have applied for payments.

The modest pace of payments is partly a matter of timing: Many crops are still being harvested. But there are also logistical challenges stemming from the way the trade aid program was set up.

Soybean growers, for example, are having trouble selling their crops thanks to bad weather and dwindling storage space in grain elevators — one of the hidden repercussions of the trade dispute with China. Some farm-state lawmakers are even looking for legislative options to help producers who are struggling to tap into the relief program.

At the current rate, a significant portion of the trade aid funds could still be parked in federal coffers when the Nov. 6 midterm elections roll around.

U.S.-EU Trade Truce Tested as Tariff Threats Resume

One day after the Trump administration formally notified Congress of its intent to negotiate a trade pact with the EU, preliminary discussions saw the two sides bicker Wednesday over the slow pace of the talks — and whether agriculture would be part of them. Two high-ranking U.S. officials, including Commerce Secretary Wilbur Ross, were openly critical of Europe’s approach, and accused the bloc of foot-dragging.

President Donald Trump’s threat of tariffs on the European auto industry was even rekindled, a sign that the U.S.-EU trade truce Trump and EU Commission President Jean-Claude Juncker brokered back in July is being tested even before talks enter a more serious phase.

Ross, who wrapped up a two-day visit to Brussels on Wednesday, warned that a temporary ceasefire on new tariffs between the U.S. and EU wouldn't last if negotiations don't advance.

"We really need tangible progress," Ross said. "The president's patience is not unlimited."

Gordon Sondland, U.S. ambassador to the EU, accused EU Trade Commissioner Cecilia Malmström of deliberately stalling — and even brought politics into the mix. He said it would be "a futile exercise" for the Europeans to attempt to wait out Trump's term as president, because as he sees things, they'd have to wait until at least 2024.

Malmström insisted that a trade deal wouldn't include agriculture and will only cover industrial goods. EU nations led by France are firmly opposed to opening the door to ag trade changes. The U.S., Malmström said, "has not shown any big interest" in talking industrial goods, "so the ball is in their court."

Harvest Box Redux?

Perdue made clear Thursday he still thinks "America's Harvest Box" should be tried out — adding that it may be in the administration's budget blueprint next year.

"I think it's a great idea, frankly," he said, when asked about the concept. "We think [SNAP participants] can have fresh fruits and vegetables and a good value meal cheaper than we're providing it now."

"I would love for Congress to trust us with a pilot project," Perdue added. "They've got pilots for everything else. At least give us a chance to demonstrate the efficacy of that program."

The plan would give SNAP participants half of their benefits in the form of a box of government-selected food, such as peanut butter, "shelf-stable" milk and canned fruits and vegetables.

USDA Weighs Public Comments on Pork Line Speed Plans

In a [statement](#) of regulatory priorities, USDA on Wednesday noted the breadth of opposition to eliminating the current limits on pork processing line speeds — a central and controversial part of the department's broader proposal to overhaul inspection rules at hog slaughter facilities.

The Food Safety and Inspection Service received over 83,500 public comments on the overhaul, many of which "requested that FSIS withdraw the proposal ... due to the negative effect on animal welfare and worker safety," the department said.

Pork plants are limited to processing about 1,100 hogs per hour. Food safety and labor groups have criticized the Trump administration's proposal to do away with that line-speed cap, calling it a threat to worker safety. Injuries in the meat and poultry industry already outnumber those from the manufacturing sector as a whole, and accelerating speeds at meatpacking sites could exacerbate the safety risk.

USDA said the comments will be "analyzed and further addressed in the final rule." The department has previously scaled back efforts to raise line speeds at poultry plants after public blowback.

For now, some opponents of the line-speed changes say they don't see Wednesday's statement as a sign that FSIS might back down on the proposal.

Dairy Changes in New NAFTA Remain Murky

There's a particular section of the new NAFTA deal that dairy experts are intently focused on as they try to figure out how the agreement will shake out for producers in the U.S. and Canada.

Is Class 7 really dead? The fine print will be crucial to understanding the fate of Canada's controversial Class 7 dairy policy. Class 7 allows Canada's producers to sell protein components skimmed from butter fat at low, open-market prices, potentially undercutting their American competitors. There's a little-reported clause in the U.S.-Mexico-Canada Agreement that allows parts of the controversial Canadian pricing regulation, Class 7, to survive in a lesser form.

The proposed replacement of Class 7 allows Canada to continue to roughly match U.S. protein prices, which is only a slight change from the current practice whereby Canada can lower prices to those in three jurisdictions: the U.S., plus Europe and New Zealand. Class 7 is one of several key changes designed to pry open a crack in Canada's mostly protected dairy sector.

Consumer Groups Scrutinize Antibiotics Use in Burger Beef

A coalition of consumer advocates and environmental groups want hamburger chains to crack down on excessive use of antibiotics among certain beef suppliers. In a report released this morning, organizations including Consumer Reports, Friends of the Earth and the Natural Resources Defense Council again warned that indiscriminate overuse of antibiotics in food animals contributes to the spread of antibiotic-resistant bacteria — raising the risk of drug-resistant infections in people.

The report, which grades the 25 biggest hamburger chains on their standards for antibiotic use in their beef supply chain, urges the beef industry to catch up to poultry producers in taking steps to protect against the rise of superbugs — a growing public health threat. At least 2 million Americans are infected by drug-resistant bacteria each year, and more than 23,000 of those people die, according to the CDC.

Antibiotics are sometimes used on healthy animals to accelerate weight gain, even after FDA cracked down on such uses. The drugs are frequently added to animal feed or water and delivered to large herds instead of being administered strictly to sick animals.

Major chicken retailers like Chick-fil-A and McDonald's have moved to cut down on antibiotics in their poultry supplies, leading producers like Perdue Farms and Tyson Foods to phase out use of human antibiotics for food animals. McDonald's, the biggest U.S. buyer of beef, announced last year its intention to cut down on antibiotics in its entire meat supply, but the company hasn't laid out concrete steps or a timeline for doing so.

Beef poses a greater challenge than poultry, in part because cattle are raised for much longer than chickens and risk more disease exposure. The beef sector accounts for 43 percent of medically significant antibiotics sold to the meat industry.

A National Cattlemen's Beef Association spokeswoman said cattlemen and other livestock producers are already working to improve antibiotics standards. The trade group "promotes the judicious use of antibiotics" and "has invested significantly in research and education programs like Beef Quality Assurance to maintain high standards of animal care and health," she said.

The consumer and environmental groups recommend letting cattle forage in pastures for longer portions of their lives, to reduce health and dietary problems that stem from being held in crowded feedlots.

Trade Disputes Loom Over Global Food Security

Trade protectionism and climate change are among the factors weighing on international food security, according to the Economist Intelligence Unit's Global Food Security Index, a benchmark used to measure individual countries' level of food security.

The report, released Tuesday by EIU and DowDuPont's Corteva Agriscience, cited China's retaliatory tariffs on U.S. soybeans as an example of trade turmoil that can raise prices for consumers and hit low-income families the hardest.

"Protectionist trade policies can contribute to world food price increases and limit agricultural competitiveness," EIU wrote.

The benchmark has the U.S. tied for third place with the United Kingdom — and down in the rankings for the second year in a row. The result doesn't indicate a worsening situation in the U.S. but, rather, slower progress on food issues than other nations. Singapore ranks No. 1, followed by Ireland in second. The Netherlands rounds out the top five.

Tariffs Hold Up Trump's Wish for A NAFTA 2.0 Party

Trump wants to celebrate the U.S.-Mexico-Canada Agreement with a signing ceremony ahead of the November elections. But the tariffs he imposed on steel and aluminum imports have presented a roadblock.

There are discussions about inviting Canadian and Mexican officials to an event in an industrial, Midwestern city that would allow the president to get credit with voters.

Canadians, at least, aren't inclined to help him unless he relents on the tariffs, according to White House and Canadian sources. The ceremony would largely be symbolic because U.S. law requires 60 days to pass before the deal can be formally signed. Congress also must vote before the pact becomes law and that isn't happening until next year.

FDA to Kill Trans Fat Once and For All

In case you thought trans fats had already been banned (and they essentially have), the FDA is preparing to finish off what was once a popular ingredient in the American food supply. In the Trump administration's fall Unified Agenda, which posted Wednesday, the agency said it plans to issue a proposed rule in June that will "remove all mention of partially hydrogenated oils" as well as "revoke all prior sanctioned uses."

Obama's FDA started the crackdown on trans fat, but the Trump FDA is finishing it. It's another example of the Trump administration advancing a major Obama administration nutrition priority. FDA has also forged ahead on Obama-era agenda items like the update to the Nutrition Facts label and national menu labeling.

FDA is "following up our earlier actions on partially hydrogenated oils in foods with a rulemaking that proposes to remove the remaining uses to further reduce deaths from coronary heart disease," Commissioner Scott Gottlieb wrote in a [blog post](#) Wednesday.

The standards shakeup begins with two foods you wouldn't expect to be in such a regulatory spotlight. FDA said it envisions more concrete steps toward updating standards of identity for all manner of foods — starting with French salad dressing and frozen cherry pie.

“This is a down-payment on a comprehensive effort to modernize food standards to reduce regulatory burden and remove old-fashioned barriers to innovation,” Gottlieb said. The agency is planning to reopen a comment period to get more feedback on a framework for updating standards of identity.

Over at USDA, the Trump administration is still pursuing a handful of Supplemental Nutrition Assistance Program policy changes, including a proposed rule to strengthen work requirements for able-bodied adults without dependents (which is currently under [review at OMB](#)) and a measure planned for next year that would crack down on categorical eligibility.

A proposed rule planned for March would update USDA's quality control process for SNAP. It's aimed at improving how the department calculates error rates. USDA's inspector general has called for big changes to that process.

USDA is also planning to ramp up scrutiny of organic imports and the supply chain, to prevent fraudulent products from entering the U.S. market.

USDA Top Scientist Awaits Confirmation

Scott Hutchins, nominee for USDA undersecretary of research, education and economics, has broader support among the ag community than the previous nominee, Sam Clovis.

That's in large part because he boasts the typical credentials for the post of top scientist at the department. Hutchins, an entomologist focused on pest management, spent decades in academia and is now the global leader of integrated field sciences for Corteva Agriscience, a spinoff from the merger of Dow and DuPont.

If confirmed, he will have to tackle a host of leadership issues, such as going to bat for ag research funding on the Hill. Also on his to-do list will be navigating the complicated politics surrounding Perdue's proposal to relocate ERS and NIFA, which Hutchins would oversee. But there's been no movement on his confirmation in the Senate since the nomination was announced in July.

Edible Cottonseed Review Shifts to FDA

Cottonseed could become a high-protein food option, providing a boon to cotton growers, if FDA signs off on a new genetically engineered variety. Traditional cottonseed is toxic for humans and most animals because it contains a poisonous substance called gossypol. But a team of ag scientists at Texas A&M developed a type of cottonseed that contains very low levels of gossypol, making it edible for humans — and creating the possibility that the tree nut could help address global malnutrition.

USDA green-lighted the biotechnology on Tuesday. It determined the GE variety does not pose a plant-pest risk to crops or other plants. The next step for Texas A&M researchers, backed by funding from Cotton Incorporated, is to finish consulting with FDA. If the agency determines the GE cottonseed is safe to eat, it could hit the commercial market in the form of products like chips, protein powder and flour.

Developers of the cottonseed — which, BTW, supposedly tastes like hummus — are expecting FDA's decision early next year. They can volunteer to present a safety assessment to the agency that takes into account factors such as comparing nutrient levels in the new GE plant with traditionally bred plants, or whether the altered variety could trigger allergic reactions. FDA would then evaluate the assessment to determine whether the new food complies with the law.

The process will likely be similar to when FDA consulted with Del Monte Fresh Produce in its creation of a pineapple that has pink insides and is now marketed as “extra sweet pink-flesh pineapple.” The fruit was genetically engineered to produce lower levels of the enzymes that convert lycopene — a pigment that makes tomatoes red and watermelons pink — to the yellow pigment beta carotene. FDA in 2016 [concluded](#) it had no safety or regulatory questions about the pineapple after evaluating the biotechnology.