

News from Washington: November 12-18

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Farm Bill Compromise Taking Shape

As House and Senate agriculture leaders on Thursday stopped publicly casting blame for the lack of a farm bill deal, the chairmen of the two panels both said they're close to reaching a deal. The nutrition title that is being negotiated — one of the major sources of controversy — would blend Senate and House proposals, lawmakers said. Both sides were tight-lipped about any details.

How about Monday? Other unresolved issues include the conservation title and regulatory language, lawmakers said, as talks remain fluid. "There are a few things, but we're darn close," said House Agriculture Chairman Mike Conaway. Senate Agriculture Chairman Pat Roberts said he's hoping a deal will come together by Monday.

Mathematica Policy Research released a new study Thursday that found as many as 1.1 million households would see a cut in their SNAP benefit levels under the House farm bill, H.R. 2 (115). But the analysis also found that benefits would go up for roughly a fifth of SNAP households (4 million households). The analysis is [here](#).

As of today, there are just 12 joint legislative days remaining in the lame-duck, though it's possible leadership could add more time to the schedule.

Senate Majority Leader Mitch McConnell discussed the farm bill with President Donald Trump at the White House on Thursday in a broader meeting about lame-duck priorities. "We will finish the farm bill before the end of the year," McConnell [said after the meeting](#).

Another Grim Forecast For 2019 Ag Markets

2019 is [looking bleak for farmers and ranchers](#) as trade woes mount. A new report out today from Rabobank, a Holland-based banking company focused on agricultural financing, is the latest warning for U.S. agricultural producers to brace for continued trade tension and other threats to commodity prices.

President Donald Trump's trade war with China remains the biggest threat, especially for soybean growers. If Beijing's 25 percent retaliatory tariffs remain in place, the report said U.S. soybean stocks "will easily double." The bank predicts that Washington's steep trade deficit with China will make it difficult for the two countries to quickly reach a major deal. But Rabobank saw it as promising that trade negotiators were able to finalize a new North American trade pact in a short span of time.

Rabobank also warns that pork markets could take a hit if the spread of African Swine Fever currently making its way through Chinese livestock herds worsens. Markets would likely shift as they did in response to outbreaks of bird flu, with consumers shifting preferences in consumption.

There's also an 80 percent chance that an El Niño weather pattern could be declared by the end of the winter, which could spell wetter conditions on the Southwestern Plains and the opposite in parts of the Midwest.

“Food producers face a melting pot of risks,” said Justin Sherrard, global strategist for animal protein at Rabobank. “Although it’s possible that not all of them will come to pass, they need to be prepared for a difficult and worrying year in 2019.”

Farm-State Freshmen to Watch

The shifting House landscape is likely to have less impact on agriculture and rural issues than other policy areas. But new Democratic members will likely want to move the ball on campaign priorities like rural broadband and medical access in rural areas, along with helping farmers and ranchers burned by President Donald Trump’s trade war. Under next year’s divided Congress, there’s potential for bipartisan cooperation in those areas.

POLITICO looked into the farm agendas of incoming members from Iowa, Minnesota and South Dakota, who could help shape the ag debate for the next two years — and maybe even influence debate on the House Ag Committee itself if they make the panel. The list also includes some possible rising stars in each party:

- **Iowa Democrat Abby Finkenauer**, 29, will be the second youngest woman ever elected to Congress. Finkenauer made hay on the campaign trail out of Trump’s trade war, and her approach could be an indicator of how heartland Democrats handle the issue now that they’re in the majority. Trade issues don’t always fall along partisan lines, but the repercussions of Trump’s policies will be all the more important when the 2020 campaign for the White House ramps up, with the Midwest likely to be a decisive battleground in the race.
- **Minnesota Republican Pete Stauber** was one of the only GOP candidates this cycle to flip a Democratic House district. He was identified early as a bright spot for Republicans when Trump and Vice President Mike Pence both campaigned for the former minor league hockey player and Duluth police officer. The president’s steel and aluminum tariffs are popular in Stauber’s rural district (currently represented by retiring Democratic Rep. Rick Nolan), where metals mining is a major industry.
- **Minnesota Democrat Angie Craig** has strong ag policy chops, according to Peterson, who said Craig was one of the “best prepared” and “most knowledgeable” candidates at the state’s Farmfest forum in August.

Long Lame-Duck To-Do List Beyond the Farm Bill

House and Senate Agriculture leaders are hoping to strike a bipartisan deal in time to pass a final farm bill before January, but they’ll need to compete for floor time and legislative oxygen with plenty of other big-ticket issues. The Senate is expected to churn through additional nominations, both parties and chambers will hold leadership elections — and then there’s the annual year-end spending showdown.

Congress still needs to fund large portions of the government by Dec. 7, when a temporary stopgap expires. There are just 12 joint legislative days until then, and a partisan struggle over funds for President Donald Trump’s U.S.-Mexico border wall is sure to complicate spending talks.

“I’d like to see the president sit down with the Republican and Democratic leadership and talk about immigration reform,” Patrick Leahy, ranking member of the Senate Appropriations Committee, said Monday. “... If it’s a wall or nothing, then they’re going to get nothing.”

Additional tax legislation could be on the agenda. The Senate has yet to take up the House-passed “Tax Cuts 2.0” legislative package, which would permanently establish parts of the 2017 GOP tax code rewrite. Technical fixes to that overhaul, H.R. 1 (115), and a separate extension

of expired temporary tax breaks, known as “extenders,” could also be on deck. (The slate of extenders includes biofuel tax credits.)

All of that leaves farm bill negotiators with little wiggle room. To shuttle a final bill through both chambers, they’ll need to reach a deal quickly, but there’s little indication they’re close to resolving some of the biggest sticking points.

House Agriculture Chairman Mike Conaway and ranking member Collin Peterson huddled Monday for less than 30 minutes. Asked if any decisions were made, Conaway only said, “We’re still having conversations.”

Going into the meeting, Conaway said negotiations were moving at the pace of a “turtle on the fence post — legs are going 900 miles an hour, but you can’t make any progress.”

The Texas Republican suggested prior to the meeting that he and Peterson are looking to “figure out a way to get to a House offer.” That would require a new degree of cooperation between the duo.

Conaway confirmed he’ll keep the top Republican spot on House Ag, staying on as ranking member. He also acknowledged that the dynamics were shifting, with Democrats set to take over the House in 2019 and Peterson expected to become chairman.

Roberts Faces Difficult 2020 Decision

If the pressure of passing a new farm bill wasn’t enough, Roberts also needs to figure out his political future. The 82-year-old Kansas Republican is up for reelection in 2020, and it might not be smooth sailing to his fifth term in the Senate.

Roberts held off a Tea Party-backed primary challenger in 2014 with less than 50 percent of the vote, after facing repeated attacks and questions about his residency in the state. (The Kansas City Star [reports](#) that Roberts purchased a home in Topeka in 2016.)

Kansas Democrats are also likely to be fired up in 2020 given last week’s midterms, when they won the governorship by 4.5 percentage points and flipped a Kansas City-area Republican district by 9 points.

Roberts, who has held the Senate Agriculture gavel since 2015, wouldn’t be able to stay on as chairman beyond 2020 under Senate Republican rules, which limit committee chairmanships to six years.

Trade Meetings on Deck

U.S. Trade Representative Robert Lighthizer and EU Trade Commissioner Cecilia Malmström met on Wednesday in D.C. to continue laying the groundwork ahead of formal bilateral negotiations starting as soon as mid-January.

European nations are considering ramping up their purchases of U.S. biofuel ingredients like rapeseed — a potential olive branch for American farmers that might help the EU keep broader agricultural issues out of the upcoming trade talks.

But President Donald Trump wasn’t exactly feeling the love Tuesday morning, when he targeted France with a [tweetstorm](#) including a gripe about French wine tariffs. He’s set to meet with

European Commission President Jean-Claude Juncker at the G-20 gathering this month in Buenos Aires.

He'll also join Chinese President Xi Jinping at the G-20 for a highly anticipated face-to-face discussion on trade (and other issues). U.S. Ambassador to China Terry Branstad met with Trump in D.C. last Thursday to go over plans for the meeting with Xi. (Lighthizer, Secretary of State Mike Pompeo and White House chief of staff John Kelly were also there.)

Pork Exports Trending Downward in Key Markets

New numbers indicate that tariffs are starting to take a toll on two of the largest markets for U.S. pork producers. American pork exports to Mexico dropped 10 percent in September when compared with September 2017. Exports to China sank even more drastically — by 33 percent — during that month.

The numbers, released Thursday in an Agriculture Department Economic Research Service outlook [report](#), also showed exports to the two countries dropped on a quarterly basis — shipments to Mexico were off by 5.6 percent in the third quarter and by nearly 29 percent to China, compared with the third quarter of 2017.

Both countries targeted pork for retaliatory duties in response to the Trump administration's actions. Mexico hit the products after the U.S. slapped duties on Mexican steel and aluminum for national security reasons. China's retaliation was in response to U.S. tariffs meant to punish Beijing for its forced technology transfer and intellectual property policies.

The U.S. International Trade Commission holds a second day of [hearings](#) as it develops a report to Congress on the economic impact of the new U.S.-Mexico-Canada Agreement. Meat producers are on today's docket.

On Thursday, a top dairy industry official raised questions about whether the USMCA pact is susceptible to loopholes that could diminish its intended benefit of providing greater market access to American dairy farmers.

Progressives Could Be Roadblock to Trade Pact Approval

The Congressional Progressive Caucus fought against trade promotion authority in 2015 and helped fend off a vote on the Trans-Pacific Partnership. Next up: The so-called U.S.-Mexico-Canada Agreement, which is expected to come before Congress in 2019.

CPC Co-Chairman Mark Pocan (D-Wis.) said Monday that the group has major concerns about the deal. "While some of the provisions in labor are stronger, the enforcement is non-existent," Pocan said at an event at AFL-CIO headquarters with incoming members of Congress, several of whom made similar remarks.

Come January, when Democrats control the House, the liberal caucus will have at least some influence over the fate of the new North American trade pact. The latest tally shows roughly 200 Republicans in the House next year (with a handful of races still uncalled), many of whom would likely vote for the deal. But Democratic leaders might be less inclined to shove the trade pact through the House if a large and influential segment of their party is opposed to it.

Democrats' Ag Oversight Agenda

When Democrats take control of the House in January, oversight of the Trump administration will be near the top of their agenda. For the House Agriculture Committee (and the

Appropriations subcommittee that oversees Agriculture Department funding), that means ramped up scrutiny of USDA on everything from relocating research agencies to doling out trade aid and granting poultry line speed waivers.

Shortly before Election Day, Sen. Patty Murray (D-Wash.) and Rep. Rosa DeLauro (D-Conn.) reiterated a request for USDA's Food Safety and Inspection Service to provide monthly updates "through February 2019" on waiver requests from poultry plants seeking permission to process more than 140 birds per minute, the current limit.

USDA is also moving toward scrapping the limit on pork processing line speeds, despite opposition from food safety and labor groups who warn that faster line speeds will cause additional workplace injuries.

The department plans to announce around Dec. 3 details for a second batch of direct payments to U.S. producers stung by retaliatory tariffs. The second round of trade aid could bring more complaints from commodity groups unhappy with their slice of the pie — and more questions from lawmakers about how USDA came up with its formula for determining aid.

NBC [reports](#) that House Democrats have a list of dozens of stalled oversight efforts that they're seeking to revive next year — including looking into communications between USDA and "corporate lobbyists."

Critics of ERS, NIFA Moves Eye Ag Appropriations Rider

The debate over a final fiscal 2019 Agriculture-FDA spending bill could include a battle over Agriculture Secretary Sonny Perdue's plans to relocate the Economic Research Service and National Institute of Food and Agriculture out of Washington next year.

Dozens of public health, agriculture and research groups are pushing House and Senate appropriators to include a provision in the upcoming spending measure that would delay the move until an independent cost-benefit study is conducted and public hearings are held.

USDA's Inspector General is currently reviewing whether the department has the authority to move the agencies and if proper procedures were followed.

Congress has until Dec. 7 to pass the seven remaining fiscal 2019 appropriations bills, including the Agriculture-FDA measure. (Of course, it can always extend that deadline by passing another short-term stopgap.)

Rep. Sanford Bishop (D-Ga.), who is in line to become chairman of the Appropriations Agriculture-FDA subpanel, said last month that appropriators were thinking about taking some sort of action on the ERS and NIFA plans: "We're certainly looking at that and considering it."

Immigrant Families Drop From SNAP

Remember all those anecdotal reports about immigrants dropping out of SNAP over fears about the current administration's immigration policies and rhetoric? They may be indicative of a larger national trend, according to preliminary data released this week.

Immigrant households legally eligible for food-stamp benefits stopped participating in the program at a higher-than-normal rate in the first half of this year, the data show.

The data is the first broad look at Supplemental Nutrition Assistance Program participation declines among immigrants, surveying more than 35,000 mothers across five U.S. cities. It found that participation dropped by nearly 10 percentage points in the first half of 2018 for immigrant households that are eligible for the program and have been in the U.S. less than five years — compared with a participation rate of 43 percent from 2007 to 2017.

The study seems to confirm months of anecdotal reports, from New York to San Antonio, Texas, that widespread fear in immigrant communities has had a chilling effect on participation in SNAP and other government aid programs like WIC, a federal nutrition program aimed at pregnant women and children.

“We were hearing the anecdotal reports of people dropping out of SNAP and WIC, so we started looking at our data to see if that was true among the families we interview,” said Allison Bovell-Ammon, lead researcher and deputy director for policy strategy at Boston Medical Center’s Children’s HealthWatch, which conducted the study.

California Wine Producers Seek Wildfire Aid

The state’s wine grape growers want a piece of a potential disaster-assistance package for agricultural producers that Congress might take up in coming weeks or months. Heavy smoke from the deadly blazes has tainted crops, forcing growers to leave grapes withering on the vine or to sell them at a steep discount. Producers also worry that consumer fears of smoke exposure could drive down demand.

Statewide and county winegrower groups and farm bureaus this week wrote to federal lawmakers to make specific policy requests, like extending a federal wildfire indemnity program and promoting access to crop insurance for wine grape growers with smoke exposure claims.

“We urge the inclusion of California winegrape growers in any disaster assistance bill that may move forward,” the groups [wrote](#), citing “substantial economic losses” from the fires, especially in Lake and Mendocino counties.

Democratic Rep. Mike Thompson, whose district includes Napa Valley and much of Sonoma County, said he’s pushing House appropriators to extend the wildfire indemnity program to include wine grape growers who suffered recent damage.

The wine grape crop in Lake County typically produces \$75 million in revenue, the groups said, but now producers there are facing losses of at least \$37 million, or roughly 50 percent. (The damage to Malibu vineyards has been extensive as well, [The Hollywood Reporter writes](#).)

Reps. Robert Aderholt (R-Ala.) and Sanford Bishop (D-Ga.) are working on a spending package to help farmers, ranchers and rural communities recover from natural disasters including Western wildfires and major hurricanes that struck the Southeast. Vineyards appeared to be on the list of potential recipients of the ag aid.