

News from Washington: April 15-18

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Federal Reserve Survey Reports Tough Conditions

The latest outlook from the Federal Reserve regional surveys indicates low prices, severe weather and trade tensions continue to weigh on swaths of the farm economy. Eight times a year, the Fed gathers information on economic conditions in its 12 districts to compile the [Beige Book](#) report, which is based on discussions with business contacts, including those in agriculture. The highlights:

- Southeastern states faced “abnormally dry to moderate drought conditions,” while tornadoes in Alabama slammed thousands of acres of timber. Cash prices were down for cotton, rice, soybeans, broilers and eggs compared with last year.
- Farm “conditions remained weak” in the Ninth District, which includes Minnesota, Montana, North Dakota, South Dakota and parts of Michigan and Wisconsin. Severe flooding in South Dakota and southern Minnesota is expected to severely affect planting season.
- The Federal Reserve Bank of Chicago, which oversees much of the Corn Belt including Iowa, Illinois and Indiana, said relatively low corn and soybean prices remain a problem for growers there.

Farm contacts said they expect soybean prices to remain low. That means the corn-soybean mix could be “closer to its typical 50-50 split” after soybean acres increased in 2018.

The University of Illinois’ Farm Policy News summarizes the findings [here](#).

Disaster Aid Rift Deepens During Recess

Even with Congress out of town for two weeks, the partisan disputes over billions of dollars in disaster relief have managed to devolve further.

Negotiators aren’t even on the same page about what they’re arguing over when it comes to emergency funding for Puerto Rico, the biggest sticking point.

Meanwhile, Senate Minority Leader Chuck Schumer and Sen. Rick Scott went after each other over the Puerto Rico impasse in a multiday Twitter feud.

Scott accused the New York Democrat of “lying” about holding up the aid package, H.R. 268 (116). Schumer fired back that the Florida Republican should “stop the bull” and “stand up to the president,” noting that the GOP proposal omitted any aid for the island except for nutrition assistance.

USDA Assists Iowa Farmers, Ranchers, Communities Affected by Flooding

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

“USDA is committed to helping Iowa farmers, ranchers and communities impacted by the devastating flooding to successfully recover following this disaster,” Perdue said. “Our staff in

your local USDA Service Center is eager to help connect you with the vital services we offer, and where possible, putting people before paperwork.”

[More information is available from USDA.](#)

Forecasters Keep Wary Eye on Farmland Values

Agricultural economists are watching how land values hold up in 2019 as other economic challenges continue to cloud this year’s ag outlook. The Federal Reserve Bank of Kansas City last week said there’s “potential for [lower farmland values](#) moving forward,” citing an increase in the number of land sales in some states and a shrinking gap between farm profits and interest rates. (More examination [here](#) from the University of Illinois’ Farm Policy News.)

The farm economy is already dealing with a five-year decline in net farm income, the highest farm debt levels since the 1980s, and continued trade tension. Land prices have remained strong in parts of the country, but the growing financial stress could lead more farmers to sell land and thus drive down prices.

“Farmland values are mixed in early 2019,” the Farm Credit Administration noted in its [quarterly report](#) last week, citing “continued strength” in some markets and “modest declines” elsewhere. Industry surveys suggest “stable to somewhat lower cropland prices in 2019,” the agency said.

Ag economists have frequently cited stable farmland values (along with relatively low interest rates) as a key reason the current farm challenges aren’t as bad as the 1980s crisis. If that changes, it could mark another sign of deteriorating conditions.

EU Threatens U.S. Farm Goods

The European Commission released a list of U.S. exports worth more than \$22 billion that it wants to slap with retaliatory tariffs. A [wide range](#) of farm goods are considered targets, including tractors, frozen fish, fruits, wine, liquors and ketchup.

It’s the latest move in a lengthy WTO battle between the EU and U.S. concerning subsidies provided to plane manufacturers Airbus and Boeing. European Trade Commissioner Cecilia Malmström said she hopes to resolve the years-long dispute through a settlement.

Golden State Dems Weigh USMCA Ag Impact

California’s 53-member House delegation could help Trump lock in his signature trade achievement when the U.S.-Mexico-Canada Agreement comes before Congress for ratification. But winning them over isn’t proving easy.

California labor groups are wary of the agreement, and Democrats are generally averse to handing Trump a political win. But lawmakers will also have to weigh the deal’s potential benefits for agriculture and other business sectors. (A much-anticipated ITC report expected this week will shed light on the deal’s projected economic impact.)

California-Mexico trade totaled \$74.8 billion in 2018, second only to Texas. Farm goods are among California’s top exports to Mexico, which benefit from tariff reductions under NAFTA, and agriculture groups like the California Farm Bureau Federation are pushing for Congress to ratify USMCA.

California’s wine industry stands to benefit from a side agreement that would end a practice in Canadian provinces like British Columbia that effectively promotes domestic wines over

imported vintages on grocery store shelves. (Canada is the largest market for U.S. wine, and about 90 percent of U.S. wine exports [come from California](#) vineyards.)

Next China Talks Still to Be Determined

The Wall Street Journal [reported](#) Wednesday that U.S. Trade Representative Robert Lighthizer is planning to visit Beijing the week of April 29 for the next round of trade talks, followed by a Chinese delegation to Washington the next week.

A senior administration official said the dates are likely correct but not final. The official said it would be difficult (but not impossible) to have a final deal ready for signing by Memorial Day.

Chinese pork prices could rise 70 percent this year and reach record-high levels in the second half of 2019, according to a Chinese agriculture official. Financial firm Rabobank this week projected that 200 million Chinese pigs could be culled as African swine fever spreads in the country.

In other news that should make the president happy, the U.S. trade deficit with China shrank again for the second month in a row.

Pork's Priorities for a U.S.-China Deal

The National Pork Producers Council is hoping Beijing will lift its ban on ractopamine as part of a trade agreement with Washington, in addition to dropping a 50 percent retaliatory tariff on U.S. pork exports, NPPC spokesperson Jim Monroe said Tuesday.

The controversial feed additive, which helps livestock gain weight, is commonly used in the U.S. but banned in China and other countries because of health concerns. The FDA approved ractopamine for use in commercial swine production two decades ago.

Reuters [reported](#) Tuesday that China was expected to boost U.S. pork purchases as part of the deal — but not lift the ractopamine ban. While 26 countries have approved the use of the additive in hog production, another 75 nations allow imports of ractopamine-fed pork, Monroe noted.

“At a time when China is experiencing a dramatic drop in domestic production of a meat that is a staple of the Chinese diet, you would hope they would change their position on ractopamine, particularly when it has been declared safe by so many food safety experts,” he said in an email, referring to the outbreak of African swine fever in China.

More Anti-Ag-Merger Momentum Among 2020 Dems

After much [tough talk](#) against large agribusinesses during a campaign swing in Iowa last month, Sanders went a step further this week by proposing to freeze agricultural mergers — and to break up those that have already taken place.

“I think we’ve not only got to have that moratorium, but we have to go further — we have to start breaking them up,” he said in an [interview](#) with HuffPost on Monday.

Several Democratic 2020 contenders have [rolled out rural and ag policy platforms](#) in recent weeks as they look to build support in communities that generally favor Trump (and potentially to gain an edge in Iowa, which is up first in the primary contests).

Sen. Elizabeth Warren (D-Mass.) was among the first to publish a list of agriculture policy proposals aimed at cracking down on consolidation — including reversing last year’s Bayer-Monsanto merger.

The Big Four’s First-Quarter Hauls

Campaigns had to file their disclosures for the first three months of the year by Monday night. Here’s how the top lawmakers on the House and Senate Agriculture committees fared, per FEC’s [database](#):

- House Ag Chairman Collin Peterson — whose rural Minnesota district voted for President Donald Trump by more than 30 percentage points in 2016 — raised nearly \$282,000 in the first quarter. That leaves the centrist Democrat with \$742,000 on hand.
- Ranking member Mike Conaway (R-Texas) took in \$163,000 in the first quarter and has close to \$1.1 million in cash on hand.
- Senate Ag Chairman Pat Roberts (R-Kan.), who is not seeking reelection in 2020, refunded nearly \$45,000 in contributions.
- Ranking member Debbie Stabenow, who won another six-year term in November, raised \$137,500 in the quarter — but the Michigan Democrat spent close to \$205,000. She has more than \$1.7 million in cash on hand.

Ag Water District Sues Over Western Drought Deal

The Imperial Irrigation District in California — the largest user of Colorado River water — is suing the Metropolitan Water District of Southern California over the newly approved water-sharing plan.

The [lawsuit](#) comes immediately after President Donald Trump signed legislation, [H.R. 2030 \(116\)](#), to enact the seven-state plan.

The district had tried to hold up the drought agreement in a bid to secure \$200 million in farm bill money. Imperial County is heavily dependent on agriculture, which in turn relies heavily on irrigation to feed its farmlands.

Conservative Group Seeks Stricter SNAP Rule

The Foundation for Government Accountability, a conservative nonprofit that supports reining in aid programs, is releasing a report today that calls on USDA to go further in its push to crack down on state and local work requirement waivers for able-bodied adults receiving food stamps.

The report, first in MA, says USDA’s recent [proposed rule](#), which makes it much harder for states and counties to qualify for waivers, is “a significant step in the right direction.” But it asks the department to further tighten how states can combine areas to apply for waivers. FGA argues that states are essentially gaming the system to waive Supplemental Nutrition Assistance Program beneficiaries from able-bodied work requirements.

FGA recommends that USDA doesn’t allow waivers in places that are located in “commuting zones” that have “sufficient jobs” — a change that would combine nearby rural areas with nearby employment hubs, making it less likely these localities would qualify for waivers.

“Waivers from work should be limited to areas where there are not enough jobs within commuting distance,” Sam Adolphsen, vice president of executive affairs at FGA, said in a statement. The report is [here](#).

Brands Touting ‘Glyphosate-Free’ Foods

Companies are increasingly enrolling in a voluntary [certification program](#) that provides glyphosate-free labels for their products, as consumers grow more wary of the herbicide and businesses look to cater to their skepticism.

In the absence of labeling requirements, the Detox Project, a private research and certification platform, is stepping in. The company is based in Europe, but its primary market is the U.S. “USDA organic certification doesn’t have a very strict pesticide testing within the actual organic label,” said Henry Rowlands, executive director of the Detox Project. “There’s more room to grow.”

Government regulators including the EPA and Health Canada have not determined that glyphosate poses a health risk, but some consumers are still concerned. A recent [study](#) linked glyphosate exposure with an increased risk of cancer, and two juries have awarded multimillion-dollar verdicts to plaintiffs who claimed the herbicide was responsible for their cancer.

The Detox Project requires companies to get their products tested by a lab at least three times a year and provide certification.

As of last week, 30 brands with a total of 300 products were participating. Another 25 were going through the process, Rowlands said. MegaFood, Foodstirs, Chosen Foods, Wedderspoon, Oatly and Heavenly Organics are among the participating companies.

The European Parliament is trying to push through a law that would develop a new process to approve controversial substances such as glyphosate. According to Rowlands, Europe’s organic certification already covers glyphosate-free products more than in the U.S.

Vegans Versus USDA

The Physicians Committee for Responsible Medicine has [sued](#) the Agriculture Department over a 2013 petition from the group asking USDA to ban all fecal contamination in meat. It also wants to ban the use of “wholesome” on meat or poultry products.

USDA already has a “zero tolerance policy” for any visible fecal contamination, and it’s broadly illegal for meat products to be contaminated with dangerous bacteria like strains of E. coli.

But the nonprofit group, which advocates for eliminating animal products from diets, asked the agency in 2013 to go further by declaring all traces of contamination as an adulterant in meat or poultry — including harmless strains of E. coli.

A spokesperson for the Food Safety and Inspection Service said its inspectors “check for fecal contamination on each poultry and livestock carcass at the post-mortem inspection step,” and if any is detected, “the FSIS inspector will ensure such contamination is prevented from entering the human food supply.”

Nutrition Facts Update Could Help Save Billions

A new mandate to disclose added sugars on the Nutrition Facts panel could stave off hundreds of thousands of cases of diet-related disease and save the U.S. health care system tens of billions of dollars, per a [new study](#) published Monday in the journal *Circulation*.

Many food packages are already disclosing added sugars in preparation for new FDA regulations. The label changes to the Nutrition Facts panel start to become mandatory for large food companies in January 2020.

Big savings ahead? The study, led by researchers at the Friedman School of Nutrition Science and Policy at Tufts University and the University of Liverpool estimates that labeling could prevent or postpone nearly 1 million cases of diseases such as stroke and type 2 diabetes over 20 years. The net cost savings in terms of health care would be \$31 billion over the time period, the researchers said.

If food makers cut added sugars in their products because of the label, the changes could prevent or postpone nearly 3 million cases of cardiovascular disease and diabetes over 20 years. The health care cost savings would jump to \$57.6 billion over the same time frame.