

News from Washington: May 13-19

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Trade Aid 2.0 May Affect Planting Decisions

If USDA models its second round of trade aid after the initial \$12 billion package rolled out last year, it would "dramatically skew" incentives for Midwestern farmers to plant soybeans this spring, according to Scott Irwin, an agricultural economist at the University of Illinois at Urbana-Champaign. The reason is twofold: The Market Facilitation Program payment rate for soybeans was the highest of any commodity — set at \$1.65 per bushel, compared with a penny per bushel for corn, for example — and payments were tied to actual production in 2018.

"My guess is [USDA] is going to try and figure out some way not to tie payments to actual production" to avoid affecting farmers' planting decisions, he said, noting that lawmakers have tried for decades to make farm policy more market-oriented. Irwin added that the second batch of trade assistance could instead be modeled after the old direct payment system that was in effect before the 2014 farm bill. Fixed payments were tied to a farmers' historical acres and yields, rather than what they actually planted each year.

Many Midwestern growers still have time to change their plans, especially because the region is experiencing a historically wet spring. That has delayed getting a crop in the ground, particularly corn. USDA on Monday reported that only 30 percent of the corn crop had been planted. Usually more than 60 percent has been planted at this point.

Agriculture Secretary Sonny Perdue told reporters on Wednesday that he is considering feedback from last year's trade aid package and will try to address some concerns about the amount of assistance other commodity groups received. The second batch of assistance could total as much as \$20 billion.

President Donald Trump and his allies are telling farmers and ranchers who bear the brunt of Chinese retaliation against his tariffs that they are making "patriotic" sacrifices in his trade war. His appeal to patriotism underscores how the administration wants the showdown with China to be seen as a threat to America's interests and values in a global competition to define the 21st century, claiming that a little sacrifice from everyone will help extinguish the threat.

Hemp, Harbor Funds Among Disaster Aid Hang-Ups

McConnell announced Tuesday that the Senate will vote on a disaster relief measure next week, before lawmakers leave town for the Memorial Day recess. The Kentucky Republican said the chamber "hopefully" will vote on legislation that Trump is willing to sign.

The House passed its latest disaster aid bill last week, but congressional leaders and the White House have been working toward a bipartisan deal that can pass both chambers and garner the president's signature. Senate Appropriations Chairman Richard Shelby (R-Ala.) said Tuesday that negotiators are on the verge of an agreement.

Parochial interests of McConnell, Shelby and Trump are among the last outstanding issues. McConnell, a staunch supporter of the hemp industry, is looking to include language to ensure hemp farmers receive crop insurance by 2020.

Shelby is pushing for a provision to free up more money for harbor maintenance — and ensure the funds aren't raided for other needs — a potential boon to ports and harbors in his home state.

The White House has homed in on border security once again. Trump is seeking \$4.5 billion in emergency funds to bolster border operations, but many Democrats aren't on board. (None of the requested funds are for a border wall, according to the administration.)

Negotiators said the biggest points of contention are nearly settled, with both sides now agreeing to provide Puerto Rico with hundreds of millions in additional funding.

Closing in on a Steel Tariffs Deal

Treasury Secretary Steven Mnuchin said Wednesday that the Trump administration is "close to an understanding with Mexico and Canada" to remove tariffs that have been in place for nearly a year and have weighed heavily on U.S. agriculture.

It's unclear what the potential agreement will include. But any resolution on tariffs would go a long way toward clearing a path to ratification in Congress for the U.S.-Mexico-Canada Agreement, Trump's top trade achievement and his primary legislative priority this year.

Democratic leaders are already more optimistic about eventually supporting the NAFTA replacement following their latest meeting with U.S. Trade Representative Robert Lighthizer.

Agriculture and other industries have long called for removal of the tariffs, which many farm groups and lawmakers consider more important than the new trade pact. Trump's tariffs prompted Mexico and Canada to retaliate with duties on \$17 billion in U.S. exports, including many foods and farm goods.

For example, Mexico targeted pork products, potatoes, apples, cheeses and whiskey, while Canada slapped duties on U.S. coffee, yogurt, ketchup, orange juice, pizza and quiche, among many others.

Jesús Seade, Mexico's undersecretary for North America, confirmed to POLITICO that instead of a quota system sought by the Trump administration, one proposal for a deal would involve a tracking system designed to prevent other countries from bypassing tariffs by shipping their steel and aluminum through Mexico.

Bayer Facing \$2 Billion Verdict in Third Roundup Case

A California jury ordered Bayer to pay \$2 billion to a couple who claimed decades of exposure to the glyphosate in Roundup caused them to develop non-Hodgkin lymphoma. It's the third trial Bayer has lost over claims that the weedkiller is carcinogenic, and the most costly yet for the German company.

The court decision is the latest headache Bayer has inherited since acquiring Monsanto in 2018. Two other juries have already found Roundup responsible for causing cancer.

And on Sunday, Bayer said in a [statement](#) that Monsanto created lists of about 200 influential critics and supporters of pesticides throughout Europe in 2016. The company said it doesn't think Monsanto's actions broke any laws but an external law firm will conduct an investigation, Reuters [reported](#).

USDA Nominations Advance, But Floor Votes TBD

The Senate Agriculture Committee on Tuesday advanced Trump's nominations for three high-level USDA positions. That leaves the trio once again waiting for an opening in the Senate's packed confirmation calendar.

McConnell said Tuesday that he couldn't estimate when the full chamber would vote on the nominations of Mindy Brashears for food safety undersecretary; Naomi Earp for civil rights assistant secretary; and Scott Hutchins for research, education and economics undersecretary.

Brashears, Earp and Hutchins made it through the Senate Ag panel late last year but never reached the Senate floor; their nominations expired when the new Congress began in January. Trump renominated them early this year, and Agriculture Secretary Sonny Perdue appointed them to "deputy" roles that don't require Senate confirmation.

Rep. Marcia Fudge (D-Ohio), who chairs the House Agriculture subcommittee in charge of oversight, sent a letter to Perdue on Tuesday expressing "serious reservations" about Earp, particularly how she would handle allegations of harassment and workplace discrimination.

USDA has tried to improve its record of handling such cases, namely at the U.S. Forest Service, where numerous female employees described a culture of sexual harassment, discrimination and retaliation.

"We've had extensive conversations with her," said Senate Ag ranking member Debbie Stabenow. The Michigan Democrat said she voted in favor of Earp's nomination on Tuesday after receiving "commitments" about taking the issues seriously.

Soybean Prices Slump Amid Headwinds

Trump's move last week to hike tariffs on \$200 billion in Chinese goods sent soybean prices spiraling lower. On Monday, July soybean futures [dipped below \\$8 per bushel](#) for the first time since 2008, following news of Chinese retaliation and other market headwinds.

Industry groups are increasingly sounding the alarm that continued trade tensions could be catastrophic for the commodity sector. "The sentiment out in farm country is getting grimmer by the day," said John Heisdorffer, chairman of the American Soybean Association, in a [statement](#) Monday. "Our patience is waning, our finances are suffering, and the stress from months of living with the consequences of these tariffs is mounting."

USDA's Foreign Agricultural Service [warned](#) last week that U.S. producers "face [a] new reality in the global soybean market," noting that African swine fever in China is also a "game changer" for the industry. The deadly pig disease has decimated China's hog herds, lowering the demand for soy used for animal feed.

With Beijing's retaliatory duties in place, U.S. soybean exports to China totaled 13.3 million tons for the 2018-2019 marketing year through May 2, compared to 28.7 million tons at the same point last year, USDA said.

China on Monday announced it will slap higher tariffs from 5 percent to 25 percent on \$60 billion in U.S. goods starting June 1, in retaliation for Trump's tariff hike last week.

U.S. goods that will now be hit with 25 percent duties, up from 10 percent, include sweet almonds; frozen fruits and nuts; and dried, smoked or salted beef, according to a list compiled by the Agriculture Transportation Coalition.

Frozen potato, shelled peanuts, chicken breast, grounded tomatoes and peanut butter are among the goods that will face duties of 10 percent, up from 5 percent, the group said.

Peterson Goes Off on FSA Administrator

House Agriculture Chairman Collin Peterson kicked off the conservation subcommittee's first hearing Wednesday by blasting Farm Service Agency Administrator Richard Fordyce for opening up Conservation Reserve Program continuous sign-ups ahead of general sign-ups, the two ways farmers can apply to participate in the program.

The continuous sign-up process operates on a rolling basis and is designed to protect the most environmentally sensitive land. The general sign-up format is competitive and is only offered during set periods.

Threatening to sue USDA, Peterson said he doesn't believe the department has authority to open sign-ups before guidance in line with new farm bill provisions is issued. Peterson said he's concerned farmers will be confused by the staggered sign-up process, and that it will result in more farmers participating in the continuous program. (Peterson has long been a fan of general sign-ups.)

In response, Fordyce said FSA determined "after thorough analysis" that continuous CRP sign-ups "may be opened under limited circumstances prior to publication of the regulation." CRP continuous sign-ups will prioritize land devoted to water-quality practices, such as establishing grassed waterways, riparian buffers and filter strips, USDA said when announcing the sign-up period that will open in June.

Following the hearing, subcommittee Chairwoman Abigail Spanberger (D-Va.) said Peterson "raised a strong point."

"If we're changing sign-up timeframes for one aspect of the program, is that something that is not possible for both components of the larger program?" Spanberger asked. "He raised a question that I'm certainly interested in hearing the answer to."

Blumenauer: China Dispute Threatens USMCA

The escalating conflict between the U.S. and China could "absolutely" derail the White House's goal of passing the U.S.-Mexico-Canada Agreement this year, according to the Oregon Democrat. Blumenauer, who chairs the House Ways and Means Trade Subcommittee, said Lighthizer is busy trying to resolve the dispute between the world's two largest economies, and is under pressure to pursue new trade deals with Japan and the European Union — leaving little time to build support for the new NAFTA on Capitol Hill.

USDA to Start Testing Sick Hogs for African Swine Fever

The department within weeks plans to enhance its surveillance program of the virus that has decimated hog herds across Asia by testing sick or dead animals on U.S. farms and at slaughter, Greg Ibach, undersecretary for marketing and regulatory programs, [announced](#) on Thursday. USDA also will work with state and federal officials to identify and investigate illnesses among wild hogs to determine whether they should be tested for African swine fever or other foreign diseases.

Ibach said USDA is confident that its current safeguards — like working with Canada and Mexico and U.S. Customs and Border Protection at ports of entry — will keep the virus out of the U.S. The new testing can serve as an early warning system and help control the potential spread of the virus, he said.

ASF is harmless to humans but deadly to hogs. Since last fall, it has swept through China, the world's largest pork producer, and jumped the border to countries including Cambodia, Mongolia and Vietnam. China's government has killed more than 1 million hogs. Rabobank recently [estimated](#) that China would lose 30 percent of its pork production — equivalent to Europe's entire annual supply.

U.S. Beef Gains Full Access to Japan

U.S. Secretary of Agriculture Sonny Perdue today announced that the United States and Japan have agreed on new terms and conditions that eliminate Japan's longstanding restrictions on U.S. beef exports, paving the way for expanded sales to the United States' top global beef market. Last week, on the margins of the G-20 Agriculture Ministerial Meeting in Niigata, Japan, Secretary Perdue met with Japanese government officials and affirmed the importance of science-based trade rules. The new terms, which take effect immediately, allow U.S. products from all cattle, regardless of age, to enter Japan for the first time since 2003.

"This is great news for American ranchers and exporters who now have full access to the Japanese market for their high-quality, safe, wholesome, and delicious U.S. beef," Secretary Perdue said. "We are hopeful that Japan's decision will help lead other markets around the world toward science-based policies."

The U.S. Department of Agriculture estimates that this expanded access could increase U.S. beef and beef product exports to Japan by up to \$200 million annually. The agreement is also an important step in normalizing trade with Japan, as Japan further aligns its import requirements with international standards for bovine spongiform encephalopathy (BSE).

[Source: USDA](#)

USDA Drops 'Preliminary' Research Disclaimer Policy

The Agriculture Department will no longer require certain reports to include language noting the findings are "preliminary," a policy instituted last year that was criticized by scientists and advocates as a way of watering down unflattering data from the department's experts.

Under the new policy, first reported by The Washington Post, the department will require certain reports to include a different disclaimer: "The findings and conclusions in this [publication/presentation/blog/report] are those of the author(s) and should not be construed to represent any official USDA or U.S. Government determination or policy."

USDA [said](#) it issued the 2018 memo after realizing that some agencies "lacked formal disclaimer usage policies or used inconsistent and sometimes confusing practices."

USDA Invests in Rural Water and Wastewater Infrastructure in 20 States

Acting Assistant to the Secretary for Rural Development Joel Baxley today announced that [USDA is investing in 40 projects in 20 states to improve rural water infrastructure](#).

"These investments will have a far-reaching, positive impact on rural residents, businesses and communities," Baxley said. "Improving water and wastewater infrastructure enhances quality of life, helps support economic development and ensures that rural areas have safe and abundant water supplies."

USDA is investing \$82 million through the [Water and Waste Disposal Loan and Grant](#) program. Rural communities, water districts and other eligible entities can use the funds for drinking

water, stormwater drainage and waste disposal systems. The projects must be in rural communities with 10,000 or fewer residents.

View the interactive [RD Apply](#) tool or contact one of USDA Rural Development's [state or field offices](#) for application or eligibility information.

USDA is announcing investments today in Alabama, Arizona, Georgia, Idaho, Illinois, Indiana, Kentucky, Maine, Michigan, Mississippi, Missouri, Nebraska, New York, North Carolina, Ohio, Pennsylvania, Tennessee, Virginia, Washington and West Virginia.

In April 2017, President Donald J. Trump established the Interagency Task Force on Agriculture and Rural Prosperity to identify legislative, regulatory and policy changes that could promote agriculture and prosperity in rural communities. In January 2018, Secretary Perdue presented the Task Force's findings to President Trump. These findings included 31 recommendations to align the federal government with state, local and tribal governments to take advantage of opportunities that exist in rural America. Increasing investments in rural infrastructure is a key recommendation of the task force.

To view the report in its entirety, please view the [Report to the President of the United States from the Task Force on Agriculture and Rural Prosperity](#). In addition, to view the categories of the recommendations, please view the [Rural Prosperity infographic](#).

[Source: USDA](#)

Processed Food Under Fire

Highly processed foods have long been a diet pariah, and researchers at the National Institutes of Health released a groundbreaking new study on Thursday that largely confirmed what the haters have been saying for decades: People who eat ultra-processed foods gain more weight than those who eat minimally processed foods.

Past research has associated processed foods with various negative health outcomes such as obesity. The new research out of NIH is the first-ever randomized controlled trial comparing a highly processed diet with one that's minimally processed. The study, which has attracted loads of media attention, was published in the journal *Cell Metabolism*.

Researchers studied 20 adult volunteers in an inpatient setting for four weeks, so their diets were meticulously measured. Study participants were offered meals that had the same macronutrients and calories across both diets, and were allowed to eat as much as they wanted on the diet to which they were assigned. After two weeks on one diet, the participants switched to the other diet.

Individuals on the ultra-processed diet ate an average of 508 calories more per day and gained an average of two pounds over the two-week trial. Those on the less-processed diet lost an average of two pounds.

"This is the first study to demonstrate causality — that ultra-processed foods cause people to eat too many calories and gain weight," said Kevin Hall, the lead author of the study and a senior investigator at the National Institute of Diabetes and Digestive and Kidney Diseases.

"Another good reason to head to the produce aisle," tweeted NIH Director Francis Collins.

Seeking Sodium Provisions in FDA Spending Bill

An unlikely partnership of health advocates and several food companies are asking House and Senate appropriators to watch the sodium as they craft their fiscal 2020 Agriculture-FDA measures.

The Center for Science in the Public Interest, the Sustainable Food Policy Alliance and other groups wrote letters to lawmakers with three specific requests:

- Eliminate a past provision that blocks FDA from advancing sodium reduction targets;
- Include \$1 million for “critical technical assistance” to help schools cut sodium in their meals;
- Provide another \$6 million to fund consumer awareness campaigns, including menu labeling education and the Nutrition Facts label update.

The FDA has said it’s preparing to release sodium reduction targets in the coming months. The agency is expected to finalize short-term reduction targets only.