

News from Washington: January 13-17

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USMCA Clears Senate by A Wide Margin

The new North American trade deal is headed to Trump's desk after the Senate on Thursday overwhelmingly passed the trade deal in a 89-10 vote.

Trump said he will sign the agreement next week. The White House has not yet provided a schedule, but it's expected to happen on Tuesday.

While the trade agreement quickly sailed through the Senate — granted, after six months of negotiations between House Democrats and the Trump administration — it will potentially take years for Americans to see the benefits.

Canada must approve the pact when its House of Commons reconvenes in late January. And Mexico still needs to fully implement labor reforms that ensure workers have access to organize and participate in independent unions.

EU Trade Commissioner Phil Hogan on Thursday proposed that the Trump administration amend its trade relationship with the EU so they can team up and confront global issues. His comments come as the U.S. is weighing new tariffs on the European trading bloc.

Yet Hogan ruled out the possibility of a three-way trade relationship among the EU, U.S. and the U.K. in a post-Brexit world.

Commerce Secretary Wilbur Ross said Thursday on Fox Business that sealing the “phase one” trade agreement with China and the passage of USCMA boosts the U.S.’ negotiating stance as the administration turns to Europe. “Our position is infinitely better already just because of these two deals,” [Ross said](#).

What's in Phase One For Farmers?

The limited trade agreement includes more than 50 specific ag-related commitments, according to Gregg Doud, USTR's chief agricultural negotiator. Among the promises? A faster approval process for biotech crops and tariff exclusions for a range of U.S. commodities.

— The pledged changes will remove obstacles for U.S. ag exports from beef, pork, poultry and seafood to avocados, blueberries, pet food and hay. China won't lift any of its retaliatory duties on American farm goods, which total \$110 billion, but the new tariff exclusions will facilitate an uptick in agricultural purchases from U.S. producers.

— Beijing also promises to speed up the biotech approval timeline from 5-7 years to an average of 24 months. That's a big concession for the U.S. industry; China's slow and opaque approval process has long deterred farmers from planting genetically modified crops, including corn and soybean varieties, for fear of being excluded from the massive market.

Of course, Trump's biggest selling point for the deal is the commitment by China to start buying huge sums of U.S. products and services — an additional \$200 billion over two years (compared with 2017 trade levels), including at least \$32 billion more for farm goods. Beijing will also “try” to purchase another \$5 billion of agriculture both this year and next year, per U.S. trade officials, while exports of ag-related products like lumber would push the total toward \$40 billion per year — the number that Trump and others have been touting for weeks.

There's still a "giant hole" in the trade agreement. It doesn't address the fundamental disputes at the heart of Trump's trade war, like China's massive subsidies for state-owned enterprises and other industrial policies, which the administration intends to address in "phase two."

There's no clear path forward on a second round of negotiations, and Trump has already started lowering expectations for further progress — especially with the presidential election looming in November. Meanwhile, tariffs remain in place on products worth hundreds of billions of dollars, which will continue to weigh on the economy.

Secretary Perdue Statement on Senate Passage of USMCA

U.S. Secretary of Agriculture Sonny Perdue issued the following statement after the Senate passed the U.S.-Mexico-Canada Agreement (USMCA) by a bipartisan vote of 89 – 10.

"We've long waited for this day and now USMCA will finally head to the President's desk," Secretary Perdue said. "The passage of USMCA is great news for America's farmers and ranchers. With Congressional consideration now complete, our farmers and ranchers are eager to see the President sign this legislation and begin reaping the benefits of this critical agreement. I thank President Trump and Ambassador Lighthizer for successfully delivering an improved and modern trade agreement and working so hard for the people of American agriculture to get this deal across the finish line."

[Source: USDA](#)

States Have Beef with USDA'S Hemp Rules

The department's framework for nationwide hemp production failed to address some of the burgeoning industry's biggest concerns, and it imposes strict testing requirements that could be onerous for farmers. That's causing some discomfort for state officials as they develop their individual regulatory plans within USDA's guidelines.

A change.org petition against the federal rules has garnered more than 20,000 signatures, and it's littered with comments from growers warning that the requirements spell doom for their farms. Some states are pushing back, going well beyond the federal guidelines or submitting proposals that deviate from USDA rules.

"It's important for my farmers in Montana that we fight on these issues," said Ben Thomas, Montana's agriculture director. USDA last month approved hemp plans for six states and tribes, including Louisiana, New Jersey and Ohio. But other states [like North Dakota](#) have reportedly been rejected.

Producers have been piling into the industry since Congress passed the 2018 farm bill, which legalized industrial hemp nationwide. This year marks the first growing season with federal rules finally in place, quelling some of the regulatory limbo. But dissatisfaction with USDA's regulations could put a damper on the sector.

The FDA, for its part, has yet to figure out how to regulate the booming market for cannabidiol, which is derived from hemp. House Ag Chairman Collin Peterson (D-Minn.) filed bipartisan legislation this week that would direct the government to regulate CBD products like dietary supplements.

“The last two farm bills were landmark successes for hemp, but we are still very early in this process, and growers need regulatory certainty,” [Peterson said in a statement](#). The legislation is likely to divide the budding industry, with some groups warning that it will create weak safety standards for wildly popular products.

Watchdog to Probe EPA’S Ethanol Waivers

The GAO will review the biofuel blending exemptions handed out to oil refiners under President Donald Trump, the audit agency said Friday. A bipartisan group of lawmakers, including House Agriculture Chairman Collin Peterson (D-Minn.), requested the probe in August.

The EPA under Trump has dramatically expanded the use of waivers, which allow oil refiners to get out of their Renewable Fuel Standard obligations to blend certain volumes of biofuel into the U.S. gasoline pool.

The White House has struggled to find a compromise between the oil and ag sectors, two key pieces of Trump’s political base. Corn growers and biofuel producers remain unhappy with the EPA’s latest plan for 2020 blending volumes.

Swine Fever Threatens to Spread in Europe

Germany is bracing for the arrival of African swine fever after an infected wild boar was found in Poland near the German border.

The deadly pig disease could wreak havoc on the nation’s 26 million hogs, and farmers are feeling nervous. “This is going to be a nightmare if it happens in regions with a significant livestock density,” said Bernhard Krüsken, secretary general of DBV, Germany’s largest farm lobby.

Berlin is mounting a last-ditch effort to keep the virus at bay, including a public awareness campaign and discussions of building fences on both sides of the border with Poland, where ASF has already spread. EU officials and academic experts have said it’s nearly inevitable that the disease will ultimately cross the border.

“We are ready, we are really well prepared,” said German farm chief Julia Klöckner. “Everybody knows what the consequences will be. It’s important to inform everybody, to inform tourists, inform the farmers.”

Unaffected EU nations have been cashing in as African swine fever spreads in China, creating massive Chinese demand for protein imports and pushing up global pork prices. European pork exports through October 2019 were up 28 percent over the previous year.

Swine Slaughter Plan Draws Another Lawsuit

Food & Water Watch and the Center for Food Safety are challenging USDA’s overhaul of pork plant inspections, claiming the changes will raise the risk of allowing tainted meat into the marketplace.

The final rule released in October removes limits on processing line speeds and shifts certain inspection tasks from federal workers to company employees. USDA contends the changes will allow inspectors to focus on more crucial food safety checks and let meatpackers use their own judgement to set maximum line speeds.

But critics are ringing alarm bells about the potential health consequences for plant workers and consumers alike — and even USDA’s own inspectors have warned that “unsafe” pork would likely reach buyers under the new system, [NBC reported last month](#).

The new lawsuit claims USDA’s Food Safety and Inspection Service is effectively turning over critical regulatory duties to the meatpacking companies. “Under- or un-trained plant employees are now charged with identifying and notifying government inspectors when swine carcasses show serious diseases,” [CFS and FWW allege](#).

Suits on suits: Other groups have sued FSIS over the rule’s potential safety risk to plant employees, who already face a higher risk of injury than those in other industries, as well as over USDA’s rulemaking process.

Perdue Sets A Marker on Meat Market Fairness

The Agriculture Department on Friday unveiled a proposed rule that lays out new criteria to determine when action by meatpackers and large livestock dealers creates an unfair business environment for farmers. The latest step in the long-running debate over so-called GIPSA rules comes as producers, lawmakers and even presidential candidates have been paying closer attention to anti-competitive practices in agriculture, especially within the meat sector.

The 2008 farm bill directed USDA’s Grain Inspection, Packers and Stockyards Administration to beef up protections for contract farmers who supply livestock to meatpackers. As the industry rapidly consolidates, producers say they need more legal options for challenging unfair and discriminatory practices by conglomerates.

The Obama administration tried repeatedly to finalize such rules, but those proposals were either blocked by Congress or later scrapped by the Trump administration. Agriculture Secretary Sonny Perdue withdrew the latest Obama-era proposal in 2017 shortly after he was sworn in, arguing that it would have opened the door to excessive litigation.

Perdue’s proposed rule isn’t as broad as previous efforts. It outlines four factors to determine whether actions by meatpackers is so unfair that it harms a farmer’s success, like negotiating higher prices with a favored livestock supplier for no justifiable business reason.

The National Farmers Union suggested the new rule is [“unlikely to provide needed protections to farmers.”](#) Roger Johnson, the group’s president, said it doesn’t go far enough and doesn’t address other imbalances between producers and corporations.

Julie Anna Potts, president of the North American Meat Institute, said the group is [reviewing the proposal](#) to ensure it will “protect marketing agreements between packer/processors and livestock producers.” She warned that if plaintiffs weren’t required to demonstrate actual or likely harm to competition, “frivolous lawsuits could flood the courts and hurt the producer-processor relationship.”

The U.S. meat industry is dominated by four behemoths — Tyson Foods, Cargill, Brazilian-owned JBS and Chinese-owned Smithfield Foods — that control half the poultry market, 66 percent of pork and 84 percent of beef processing, as of 2016. Consolidation in the industry has caught the eye of Democratic presidential hopefuls like Bernie Sanders and Elizabeth Warren, who are calling for breaking up big agribusinesses and giving farmers more bargaining power.

Earp Out

Earp, USDA's deputy assistant secretary for civil rights, told employees this week that she is resigning effective Jan. 31. She has only been on the job a year, taking over an office that has a controversial track record of handling complaints by farmers and federal employees of discrimination and sexual harassment.

Earp said in her notice to employees that the civil rights office made improvements, despite not having "all the tools and cooperation needed to be successful," including securing funding for a new system to manage civil rights complaints and setting priorities for 2020. A USDA spokesperson said the department thanked Earp for her service. "With Earp's departure, the Department will undertake a careful and thorough search for new leadership for the Office of the Assistant Secretary for Civil Rights."

Rep. Marcia Fudge (D-Ohio), who leads the House Agriculture Oversight Subcommittee, [said in a statement Thursday](#) that USDA employees deserve a champion for their rights who works "in good faith" to overcome the department's past. Fudge, during a hearing in November, accused Earp of mismanaging the office — in part because of data showing that out of more than 300 civil rights complaints filed by employees in fiscal 2019, the department determined wrongdoing in only two cases.

USDA in the last two decades has reached multiple billion-dollar settlements with black and Native American farmers who were systematically denied loans, while their complaints piled up at the department without proper investigations. There also are recent reports by women in the U.S. Forest Service of a culture of sexual assault and retaliation against those who speak out about abuse.

Food Lobby Reborn as Packaged Goods Group

The CBA officially launches today, promising to serve as a "relentless advocate for product affordability, access and innovation" and "eliminating consumer confusion," the group announced. It's the symbolic end of the Big Food era in Washington.

The GMA, which was established over 100 years ago, started splintering amid deep disagreements in the industry over sodium reduction efforts, mandatory GMO-labeling and more, prompting a dozen major foodmakers to quit the association two years ago.

The new focus on consumers is fitting, given the game-changing role that buyers played in reshaping the food sector by demanding more transparency about what they're eating.

Geoff Freeman, CBA's president and CEO, emphasized that the course correction is bigger than just a rebranding effort. "The Consumer Brands Association is an entirely new organization with a focused, compelling agenda that establishes the industry as a champion of the billions of consumers it serves daily," he said in a statement, citing the consumer packaged goods industry's \$2 trillion economic output and more than 20 million jobs.