

News from Washington: March 16-20

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Senate Unveils \$1T Coronavirus Aid Package

The rollout of the Senate GOP plan, or “Phase 3,” of the COVID-19 stimulus on Thursday paves the way for negotiations to start with Democrats today. The centerpiece is direct payments for Americans up to \$1,200, or double that for married couples, for people who make under \$99,000 a year. The package would also delay the income tax-filing deadline by three months to July 15.

Senate Democrats have their own \$750 billion emergency plan, which would expand paid family leave, pick sick leave and unemployment insurance. Minority Leader Chuck Schumer criticized McConnell for not involving Democrats in the talks earlier, while some Republicans took issue with the contents of the GOP package — with Sen. Lindsey Graham (S.C.) and Rep. Mark Meadows (R-N.C.), who will soon take over as White House chief of staff, being the most vocal.

The latest Senate stimulus does not cover USDA programs or farmers, but that could change. The National Cattlemen’s Beef Association on Thursday asked Congress to specifically provide direct financial assistance to ranchers in the next emergency aid package. NCBA said it has been engaged with House and Senate leaders to ensure relief funds reach its members, and said the support should avoid the “lasting market-altering effects” of a price support program.

The National Corn Growers Association, in a message to its membership on Thursday, said it is assembling a task force that will make recommendations on how to mitigate the economic fallout to Congress and the Trump administration. The group has also commissioned an economic analysis of implications for corn farmers.

Reminder: President Donald Trump this week already signed an aid package that included more than \$1 billion in additional nutrition assistance.

Feds Provide Guidance on ‘Critical’ Industries

DHS on Thursday said that public health, law enforcement, food and agriculture, defense and 12 other industries are “critical” and should maintain their usual work schedules to help respond to the outbreak.

The [advisory may help stem some confusion](#) as companies and state and local governments implement various curfews or bans on large gatherings to stem the spread of coronavirus. More than 60 groups representing the food, beverage and consumer packaged goods this week [urged uniform guidance](#) on what businesses are exempt from those restrictions.

Ethanol Wants a Piece of the Stimulus Pie

Count biofuel producers among the industries seeking financial help from Washington as the U.S. economy hurtles toward a recession. Brian Jennings, CEO of the American Coalition for Ethanol, said Wednesday that Congress and the Trump administration “need to take action to help ethanol producers, and the farmers supplying them corn, who are suffering a proportional economic disaster.”

With Americans increasingly shuttered in their homes, gasoline consumption is falling — and dragging biofuel demand down with it. Corn growers and ethanol makers were already reeling from the EPA’s wide use of blending exemptions for oil refiners.

“Demand destruction could be on steroids for several weeks,” [Jennings said in a statement](#), citing preliminary economic models that suggest ethanol demand could fall by hundreds of millions of gallons, cutting corn grind by hundreds of millions of bushels.

ACE is calling for the Trump administration to apply nationwide a January court ruling that struck down a trio of refinery waivers and to push the Chinese government to lower tariffs on biofuel products, among other actions.

Tariff Relief All But Off the Table

Senate Republicans are moving at warp-speed (for the Senate, at least) to [design a massive economic stimulus package](#) that could [bring the taxpayer price tag to more than \\$1 trillion](#). But hopes are fading that the federal coronavirus response will include easing duties on imports.

Lawmakers in both parties have discussed the idea, and some members see it as a logical plank in the stimulus package — but Capitol Hill aides said tariff relief would most likely be limited to imports specifically needed to manage the crisis.

A coalition of over 150 retailers, manufacturers and other business groups hit hard by the tariffs and foreign retaliation sent a letter to President Donald Trump urging him to take “swift action on a policy that would provide tax relief to millions of American farmers, manufacturers, families, and consumers without having to wait on action from Congress.”

“We keep hearing everything is on the table,” said Jonathan Gold, a vice president at the National Retail Federation and a spokesperson for Americans for Free Trade. Some administration officials like White House trade adviser Peter Navarro are clearly opposed to tariff relief, but others like Treasury Secretary Steven Mnuchin think it “should be part of the conversation,” Gold said.

FTC Official Slams Perdue’s Meatpacking Plan

Commissioner Rohit Chopra on Monday said USDA should rewrite its proposed rules released in January that would amend federal protections for independent farmers and ranchers in their business dealings with large meatpackers. In a letter to Perdue, Chopra said the changes “would make a bad situation even worse.”

The USDA rules excluded an Obama administration proposal that would have helped livestock producers win lawsuits against large agricultural conglomerates. Critics argue the Trump administration plan would allow meatpackers to continue discriminating against suppliers. “Rather than spelling out for farmers which specific abusive practices are illegal, USDA did the opposite and clarified for incumbent packers and processors when abusive practices are legally justified,” said Chopra, one of two Democrats on the FTC, which polices business competition including certain agricultural mergers.

Chopra said the rules fail to address consolidation in the meat sector, which leaves farmers with few choices for where to sell their animals. Four companies currently control the majority of all cattle, pork and chicken slaughter.

The National Farmers Union has also weighed in against the rule in public comments. “Not only does it fail to safeguard farmers from abusive practices, but it may also make it harder for them to litigate such practices,” said NFU President Rob Larew in a statement.

Food Supply is Stable, Say Farmers, Retailers, and Regulators

Federal meat inspectors, top grocery retailers, distributors and farm groups on Tuesday continued to stress that the food supply is holding steady as the number of confirmed coronavirus cases surpassed 5,000.

USDA's Food Safety Inspection Service, which is required by law to be present at more than 6,200 slaughterhouses across the country and employs about 7,800 inspectors, said plants are operating as normal.

Industry groups including the North American Meat Institute and USA Rice, whose products have been flying off store shelves, emphasized that there are no shortages and plentiful supplies. Fresh produce continues to flow across the Southern border from Mexico — which accounts for about 50 percent of the U.S. fruit and vegetable supply.

Retail chains like Walmart, Kroger and H-E-B have reduced store hours to give workers more time to restock high-demand products overnight, while Amazon is hiring an extra 100,000 warehouse workers to tackle increased demand for household staples, including groceries.

"This is a demand issue, not a supply issue," said Heather Garlich, vice president of media and public relations at FMI, the food industry association formerly known as the Food Marketing Institute. "The supply chain isn't broken. The warehouses are pushing out as much inventory as possible in a 24-hour period."

Caught in the Biofuel Blending Crossfire

The White House this week wants to set up a meeting with Trump, Agriculture Secretary Sonny Perdue and EPA Administrator Andrew Wheeler to decide whether the EPA should appeal a January court ruling that curtailed the agency's ability to issue blending waivers to gasoline makers.

Following the court ruling, the EPA had been expected to apply the decision nationwide and drastically cut the number of exemptions it issues. But the president faced heavy pressure from Republicans and Attorney General William Barr not to do so. That prompted Trump to instead request an extension until March 24 on whether to appeal the ruling.

With the coronavirus forcing Americans to hunker down at home, fuel consumption is dropping, and makers of both biofuels and gasoline are seeing weak demand. Biofuel and oil industry members say the White House has not reached a decision on whether to file an appeal.

Federal Help for Rural, Farming Regions

A bipartisan group of 24 senators is asking FEMA to coordinate with USDA and the Interior Department to deploy federal workers trained in emergency response to rural communities overwhelmed by the pandemic. The Forest Service and Bureau of Land Management are "uniquely qualified," the senators wrote.

And the Farm Credit Administration, which oversees a network of government-backed lenders for the ag sector, called on institutions to work with borrowers whose operations are affected by the virus. FCA Board Chairman Glen Smith said lenders can extend the terms of loan repayments, restructure debt obligations and ease some loan documentation terms for certain borrowers.

USDA also announced an initiative to deliver 1 million meals per week to rural students whose schools have closed because of the virus. The department is partnering with PepsiCo and the

Baylor Collaborative on Hunger and Poverty, a food logistics company, to provide boxes with five days' worth of healthy, shelf-stable, individually packaged foods.

Dairy Says No Disruptions Yet

The International Dairy Foods Association said its members up and down the supply chain aren't seeing interruptions just yet from the coronavirus. "At present, at retail facilities across the country, milk ... remains affordable and available," IDFA President Michael Dykes said in a statement. "We are working closely with the USDA to remain flexible in how dairy processors get milk to schools" that are continuing to provide meals to low-income children despite school closures.

Dykes said the group is working with federal agencies to ensure transportation routes and supply lines across the country aren't disrupted by the virus and resulting economic shutdown. "These routes are crucial to commerce and public safety and must remain unobstructed," he said.

School Districts Get Creative to Feed Students

Pop-up food systems, grab-and-go meal pickups, school bus routes. These are just a few ways localities are supplying food to low-income students — more than 22 million of whom rely on school meals as their main source of nutrition — who are now staying home due to the coronavirus outbreak.

A top concern among school officials is that students could go hungry during closures, according to a School Nutrition Association survey of meal program directors representing nearly 40,000 schools. The long-term impact of financial losses for school meal programs, which depend almost entirely on cafeteria sales and federal reimbursements, is also worrying. Schools can run feeding programs as if it was summer under waivers that USDA has now granted to all 50 states, D.C. and Puerto Rico, which also eliminates a requirement that food be served in group settings.

However, these summer programs only serve areas where more than 50 percent of students qualify for free or reduced-priced meals, potentially leaving some regions underserved. To bridge the gap, SNA is lobbying Congress and USDA to expand eligibility during the outbreak.

The Robert Wood Johnson Foundation on Thursday [praised USDA for offering flexibility](#) so schools can serve students during the outbreak, but it also criticized the department for moving forward with [a proposal the health organization said would make meals less healthy](#). CEO Richard Besser pointed to a [new analysis](#) showing that the proposal could hurt the academic performance of students, particularly those from low-income families.

Restaurants Name Their Stimulus Price

The National Restaurant Association estimates the industry will lose \$225 billion over the next three months and shed 5 million to 7 million jobs. "Without aggressive and immediate action from the federal government, many restaurants that are a staple of local communities will simply never resume service," Sean Kennedy, the trade group's executive vice president for public affairs, wrote in a letter to Trump and congressional leaders.

The restaurant association is seeking more than \$325 billion in aid, including a \$145 billion recovery fund for the industry administered by the Treasury Department; \$35 billion in community development block grants for disaster relief; \$100 billion in federally backed business interruption insurance; \$45 billion in loans; and \$130 billion in unemployment benefits.

for employees. The group also called for a temporary payroll tax cut and tax credits for businesses that retain their employees.

Meanwhile, the country's largest hospitality union estimates that 90 percent of its 300,000 members might have been laid off. UNITE HERE said 240,000 to 270,000 people weren't at work.