

News from Washington: March 30 – April 3

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Shaping the Next Phase of The Stimulus

With the \$2 trillion economic relief plan signed into law, H.R. 748 (116), Congress and lobbyists are shifting their focus to influencing its implementation. Here's one example: A bipartisan group of 80 House lawmakers on Thursday [asked the Small Business Administration](#) to ensure that farmers and agribusinesses qualify for a loan program.

The lawmakers, led by Reps. Josh Harder (D-Calif.), Antonio Delgado (D-N.Y.) and Anthony Brindisi (D-N.Y.), said the stimulus expanded SBA's Economic Injury Disaster Loan program so farmers could access emergency finance. However, the agency has since issued guidance that doesn't grant them eligibility.

Keeping workers employed: The agency did make farmers eligible for a program that helps small businesses keep their employees paid, known as Paycheck Protection Program, which is open to those with 500 or less workers.

One limiting factor is that payroll expenses can't include salaries for foreign workers or independent contractors, [according to the American Farm Bureau Federation](#). About 50 percent of farmworkers are not U.S. citizens or permanent residents, potentially leaving many fruit, vegetable and dairy operations ineligible for the aid. SBA did not return a request for comment.

Recall that Congress allocated \$9.5 billion for USDA's coronavirus response fund, and farmers and ranchers will also qualify for any relief program the department deploys using its \$30 billion borrowing authority from the Commodity Credit Corporation (the same financial institution that funded President Donald Trump's trade bailout). USDA's Farm Service Agency [has relaxed the terms of its direct and guaranteed loans](#) during the pandemic, as well.

Tax breaks for restaurants: In a letter to the Trump administration, the National Restaurant Association's top lobbyist asked officials to ensure that restaurants quickly receive money from a retroactive tax break included in the stimulus for certain businesses to upgrade their facilities.

Restaurants and retailers were initially blocked from accessing the tax break because of a technical glitch in the 2017 tax law. The industry has since been pushing for a legislative fix, which was finally approved in the stimulus package. The fix could bring those businesses an additional \$15 billion in tax savings per year, by some estimates.

Senators Seek Slowdown On USMCA

A bipartisan group of 19 senators are asking to delay the new NAFTA agreement from taking effect on June 1, calling the start date "highly aggressive" even if the coronavirus pandemic wasn't taking up most of the attention in Washington and around the country.

[In a letter to U.S. Trade Representative Robert Lighthizer](#), Senate Finance Committee members said the trade deal shouldn't enter into force until it is clear that the U.S., Canada and Mexico are all fully in compliance. The Trump administration was already seen as behind schedule for launching the USMCA in two months as planned, and all three countries have been singularly focused on containing the coronavirus and stemming the economic fallout.

“We ask you to delay the proposed June 1 entry into force and work with Congress and stakeholders to determine a more feasible timeline,” Chairman Chuck Grassley (R-Iowa), ranking member Ron Wyden (D-Ore.) and other members wrote.

‘Unprecedented’: Sizing Up the Federal Farm Rescue

Trump on Friday signed the \$2 trillion stimulus package, including some \$23 billion in extra aid for agriculture. Now it’s the Agriculture Department’s turn to figure out how to distribute those emergency dollars to farmers and ranchers dealing with falling commodity prices.

There are few strings attached to the farm provisions, even though Democrats were wary of setting up another “slush fund” for USDA to disperse funds across the industry as officials saw fit.

That mistrust stemmed in part from how the administration designed its more than \$23 billion trade bailout program, which critics said unfairly benefited Southern states, wealthy farmers and even foreign meatpackers.

“We’ll be monitoring implementation to hold USDA accountable to distributing aid fairly and encourage USDA to follow the bipartisan payment limits set by the farm bill,” said a spokesperson for Senate Ag ranking member Debbie Stabenow (D-Mich.), who has criticized the department for alleged inequities in its trade relief programs.

Joseph Glauber, former USDA chief economist, said the stimulus funds, trade aid and traditional farm subsidies could total around \$50 billion in fiscal 2020 alone. “Unprecedented to say the least,” said Glauber, now a senior research fellow at the International Food Policy Research Institute.

Implementing the farm stimulus plan could prove even trickier than the trade bailout, which was based on the tariff damage to specific commodities and counties. “I am not sure how you would separate out price impacts from COVID-19 versus other market factors,” Glauber said in an email. “My guess is that the distribution and amounts will look a lot like 2019.”

The stimulus is the first disaster relief package to explicitly include local and regional food markets, according to Ferd Hoefner, senior strategic advisor at the National Sustainable Agriculture Coalition.

The group pointed to research estimating that those markets could lose \$1.3 billion between March and May. The overwhelming majority of farms supplying those markets are small, and about a quarter are new farmers, per USDA data.

Secretary Perdue Statement on Coronavirus Rescue Package

U.S. Secretary of Agriculture Sonny Perdue issued the following statement after President Donald J. Trump signed the CARES Act:

“The passage of the Coronavirus response legislation will provide much needed relief to Americans across this country, especially workers and small-business owners who have been impacted by COVID-19. President Trump has made the safety and security of the American people a top priority during this national emergency, and this bill will help make Americans more financially secure. At USDA we will deliver relief assistance to farmers and ranchers as quickly as possible,” said Secretary Perdue. “Americans across the nation are stepping up to the challenges facing them during these uncertain times. At USDA we are doing our part to ensure

those who need help will get it, whether it's through nutrition assistance, ensuring the food supply chain is safe and secure, or through new flexibilities with our Rural Development loan programs.”

[Source: USDA](#)

Coronavirus Pushes Farm Labor Failings into Spotlight

The outbreak has exposed major weaknesses in the U.S. farm labor system, both upping pressure on the federal government to make it easier to hire migrant labor, as well as highlighting the lack of health and safety protections for these “essential” workers.

Farm workers still planting and harvesting crops have a high risk of being infected given that they live, work and travel in crowded conditions. And most do not have health care or paid sick leave.

Meanwhile, farm owners worry that the closure of U.S. embassies, particularly in Mexico, will slow the flow of foreign workers into the U.S. — exacerbating an already chronic labor shortage on produce, livestock and nursery operations across the country

Labor advocates say agricultural employers and the federal government are not doing enough to address the problems, both for employers and workers. But lobbyists see an opportunity to slide provisions into an expected fourth stimulus bill that would provide some relief.

A large number of farmworkers are undocumented, long fearing deportation. Now, because food production has been declared a critical industry under federal guidelines, agricultural employers are giving these workers letters stating they're "essential," The New York Times reported.

Such letters are not a free pass from immigration authorities, who could still deport undocumented field workers at any time. But local law enforcement told the Times that the letters may give them a sense of security they won't be arrested for violating stay-at-home orders.

Secretary Perdue Applauds State Department's H-2 Decision

U.S. Secretary of Agriculture Sonny Perdue issued the following statement in response to the Department of State and the Department of Homeland Security's decision to authorize temporary waivers for in-person interviews for eligible H-2 visa applicants.

“Temporarily waiving in-person interviews for H-2 visa applicants streamlines the application process and helps provide steady labor for the agriculture sector during this time of uncertainty,” said Secretary Perdue. “H-2 labor is vital to the economy and food security of America – our farmers and producers depend on these workers to continue to feed and clothe the world.”

USDA has been directly engaged with the State Department and the Department of Homeland Security to ensure minimal disruption in H-2A and H-2B visa applications during these uncertain times. This Administration is doing everything possible to maintain continuity of this critically important program. These flexibilities will allow our farmers and ranchers to utilize workers they have used in the past, or those who are already in the U.S., to get our food from the farm to our tables.

[Source: USDA](#)

The Pandemic in Rural America

National polling out today from the progressive group RuralOrganizing.org and Change Research takes stock of how the coronavirus is hitting rural communities. [Politico got an exclusive early look at the data](#), which was gathered from March 26-29. Here are some highlights:

- [A deep recession could hit rural areas the hardest](#). About one-third of all respondents said the pandemic and economic slowdown has lowered their income because of lost business — but the numbers were highest in the most remote areas.
- Trump's ag impact? Asked if Trump is hurting farmers and rural communities, 51 percent agreed either "somewhat" or "strongly," compared with a combined 41 percent who "somewhat" or "strongly" disagreed. (But most of the respondents said they didn't rely on agriculture for at least 25 percent of their family's income.)
- Food supply: Overall, about nine out of 10 respondents said they've experienced "low inventory at stores or online," while 41 percent have seen the cost of supplies increase. Just 16 percent of respondents said they've increased their use of grocery delivery services, more commonly in large metro areas.

Another 'Missed Opportunity' For Ethanol

The EPA's new fuel efficiency rule released Tuesday was a let-down for biofuel industry groups because it didn't include incentives for higher ethanol blends or flexible-fuel vehicles.

Brian Jennings, CEO of the American Coalition for Ethanol, called it a "missed opportunity" after the agency had specifically requested public input on how such blends could help automakers meet fuel efficiency and emissions standards.

[The National Farmers Union had a similar take](#). "This news could not come at a worse time for American farmers and rural communities," NFU President Rob Larew said in a statement, noting that the economic shutdown has driven ethanol prices to historic lows.

Trump Punts on Ethanol Enforcement

The EPA on Friday announced a series of ["steps to protect the availability of gasoline during the COVID-19 pandemic."](#) including several moves to delay enforcement of biofuel blending requirements under the Renewable Fuel Standard. The agency said it intends to extend the March 31 compliance date to give small oil refiners more flexibility to meet their RFS requirements, with more details to come "in a forthcoming action."

How we got here: The coronavirus and efforts to contain it have caused a steep drop in demand for gasoline as people stay home. The ripple effect has reached biofuel makers, whose products are blended by oil refiners into the gasoline pool. With both oil and agriculture seeking financial relief, Trump is once again caught in the middle of two industries that are key pieces of his political base.

Officials won't "revisit or rescind" any previously granted refinery exemptions for prior years, saying that investigating or taking action on waivers is a "low priority" for the agency. The EPA will also develop an "appropriate" response to a January court ruling, which struck down a trio of refinery waivers and threatened to undermine many more, once the appeals process has played out.

Biofuel groups have pressed the White House to apply that court decision nationwide, wiping out any waivers that hadn't been continuously maintained since the program was created more than a decade ago. Brian Jennings, CEO of the American Coalition for Ethanol, said it's

“disappointing to learn the agency prefers to punt this decision” until after the legal appeal by two refiners is resolved.

“The economic fall-out of COVID-19 is doing substantial damage to the ethanol industry and we expect the Trump administration to leave no stone unturned in responding instead of only benefiting oil at the expense of rural America,” he said.

More EPA moves: The agency also postponed the deadline for fuel terminals to stop selling winter-grade gasoline to retailers, from May 1 to May 20. Because of the drop in demand, the more volatile winter-grade gas has been sitting in terminals and pipelines. Until it’s sold off, refineries can’t ship the lower vapor pressure summer-grade gasoline to market.

FDA Reassures Food Safety During Pandemic

Frank Yiannas, deputy commissioner for food policy and response at the agency, reiterated to reporters on Thursday that there’s no evidence Covid-19 spreads via food, nor is food packaging associated with transmission. Still, he encouraged consumers to thoroughly wash their hands and food contact surfaces at home. “I personally do not sanitize the exterior of food packaging,” Yiannas said. “This is a respiratory virus. It is much more likely spread from person-to-person exposure.”

Also, if essential workers who handle food at grocery stores or food manufacturing facilities test positive for the virus, that would not warrant the FDA to issue a recall, Yiannas said.

Food safety surveillance, inspections: There has been no uptick in foodborne illnesses since the outbreak started, Yiannas said. He added that even though many hospitals are overwhelmed, health departments and providers are still updating systems that monitor foodborne pathogens.

There also are no widespread reports of FDA’s food safety staff becoming infected, Yiannas said. To protect employees, the agency [announced last month](#) that it had postponed most foreign food facility inspections through April. All domestic routine inspections — or those conducted every few years based on a risk analysis — also were temporarily suspended.

Curbing food waste: Last week, the FDA issued temporary guidance allowing food manufacturers with inventory previously destined for restaurants, and doesn’t bear a Nutrition Facts label, to be sold at the retail level.

Rising Pressure to Target Beef Price-Fixing

Grassley told reporters on Tuesday that he wants the Trump administration to crack down on potential price coordination by large meatpackers — the latest in a string of requests by farm-state senators for stronger federal action on the issue.

Western and Midwestern members of both parties have pointed to disparity in the prices fetched by cattle producers compared with large meat processors as a sign of possible market manipulation. Grassley said the recent drop in cattle futures “may be understandable under normal situations, but this is happening as Americans bought 77 percent more meat in the month of March.”

Agriculture Secretary Sonny Perdue said in March that his department’s months long price-fixing probe is ongoing, and he even called for Congress to give him additional “tools” to address the issue. Senators last month also sent a letter to Attorney General William Barr asking him to investigate.

The coronavirus pandemic has exacerbated what was already a major point of friction in the industry. Cargill Inc., Tyson Foods, JBS USA and National Beef together control more than 80 percent of the U.S. beef supply, and they've faced growing scrutiny by lawmakers and regulators because of the large price gap between live cattle and retail beef.

A spokesperson for Tyson said the company is concerned about the success and sustainability of its cattle suppliers and wants them to do well, noting that the company paid ranchers a one-time premium above the market price on cattle harvested last week to help them during the pandemic.

Global Leaders Call for Steady Food Flows

The top global trade, health and agriculture officials are cautioning governments against putting up barriers to food shipments and farm labor as they try to keep the coronavirus from spreading.

The heads of the World Trade Organization, the World Health Organization and the U.N.'s Food and Agriculture Organization [released a joint statement](#) warning that such measures could "disrupt the food supply chain, with particularly pronounced consequences for the most vulnerable and food insecure populations."

They specifically raised concerns about hampering the movement of food and ag industry workers and extending border blockages that could leave containers piling up while the food inside spoils.

Countries have already slapped export restrictions on high-demand grains like wheat and rice, including Russia, Kazakhstan and Vietnam. The price of those crops has held up far better than other commodities, fueled also by logistical challenges like trucker shortages in some countries and the scrambled distribution network as food suppliers shift from restaurant products to consumer goods.

Trump's SNAP Crackdown Undercut by Coronavirus

Before the pandemic, the Trump administration had set in motion a multi-pronged strategy that would push an estimated 4 million people off food stamps. Now, that effort has been turned on its head, as states experience a surge in new SNAP applications from Americans who find themselves out of work or getting fewer hours.

Since 2018, USDA has proposed three different regulations that would either tighten SNAP eligibility or slash benefits for recipients. The rationale: People should be encouraged to work during a booming economy. One rule was set to take effect Wednesday, until both Congress and a federal judge stepped in to temporarily block it during the pandemic.

Some state officials and anti-hunger groups argue the reprieve should extend for longer as a recession looms, and they're pressing Congress to expand food benefits because the latest \$2 trillion stimulus didn't give low-income families already on SNAP much extra assistance.

The spike in caseloads: In Washington state, before mid-March, there were about 1,500 applications a day for federal nutrition assistance — primarily SNAP. That has jumped to more than 2,700 in the last two weeks, said Babs Roberts, director of the Department of Social and Health Services' community services division.

USDA, when asked whether it will advance its changes to SNAP after the public health crisis is over, suggested it would stick to the timelines outlined for this year. The department stressed that its first priority is making sure those in need receive assistance during the pandemic.

Agriculture Secretary Sonny Perdue, in a statement, said the department is giving states flexibility and increasing services to ensure children and others in need can get food.

Growing Pains as Grocers Adapt to New Normal

The largest U.S. grocery chains continue experimenting with operational changes to keep their doors open, keep their shelves stocked and, critically, keep their stores from becoming fertile ground for the coronavirus to spread.

Kroger, Albertsons, Publix and other major companies are installing plexiglass barriers at their cash registers. Kroger, the biggest supermarket chain in the U.S., last week shifted one of its stores in the Cincinnati area into a pickup-only site, with no in-store shopping, as a sort of pilot program.

“The pickup-only model is ideal for all customers, especially for senior and higher-risk shoppers,” Erin Rolfes, Kroger’s corporate affairs manager for the Cincinnati-Dayton area, said in a statement.

Dya Campos, a spokesperson for H-E-B, said shifting to pickup-only “is part of our arsenal of tools to address customer needs in various situations. At this time we have not instituted this model.” For now, the Texas-based company is focused on expanding its seniors-only grocery delivery program in partnership with on-demand delivery company Favor, Campos said.

But heavy demand for grocery pickup and delivery is straining some stores. Meanwhile, grocery and warehouse workers are calling for better safety protections. Thousands of Instacart employees took part in a strike on Monday, and employees at Amazon and Whole Foods have called for a mass “sick-out” today.

Meatpackers are also grappling with how to handle the pandemic. Plant employees have already tested positive at several slaughterhouses across the country, forcing many others to self-quarantine.

Decision Day for Dean Foods

A Houston federal bankruptcy judge will decide today whether to accept Dairy Farmers of America’s \$433 million bid for assets owned by Dean Foods. U.S. Bankruptcy Judge David R. Jones is expected to hear from the two entities, as well as opponents of the deal.

Grocers Stop & Shop and Food Lion [have filed an objection](#), noting that the sale would combine the nation’s largest processor and direct-to-store distributor of fluid milk — Dean Foods — with the country’s largest raw milk supplier — DFA. Milk cooperatives in Maryland, Virginia and California have also raised concerns.

Federal regulators also have raised antitrust issues. On March 11, the Justice Department wrote to Dean’s unsecured creditors that a deal with DFA “appears to pose a serious risk of anticompetitive harm.” DFA last month said in its bid that it agreed to divest assets outlined by antitrust prosecutors.

Grocers and cooperatives, who bid on individual facilities owned by Dean, argued their offers were superior to DFA's because they could close the transaction quickly. But if the bankruptcy judge accepts DFA's bid, the coops and grocers asked him to clearly state their right to challenge the transaction under antitrust law.

For now, DOJ is keeping its views close to the vest. Prosecutors didn't file an objection to the transaction. Instead, the department filed a limited objection, asking the bankruptcy judge to ensure the sale doesn't impact "non-bankruptcy laws."