

News from Washington: May 4-8

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Azar Blames 'Home and Social Conditions' for Meatpacking Crisis

The country's top health official suggested to lawmakers at the end of April that meatpacking employees were more likely to catch the coronavirus based on their social interactions and group living situations than from exposure on the job.

Azar's comments, [made April 28 on a phone call with a bipartisan group of members](#), sparked outrage from labor unions that have been fighting for safer working conditions as thousands of meatpacking employees have tested positive and at least 20 have died from the virus. Many employees at closed plants will head back to work soon under Trump's recent order to keep operations running to avoid a meat shortage at grocery stores.

The secretary proposed sending law enforcement to communities where many meatpacking workers live in congregate housing to better enforce social distancing rules, according to two of the lawmakers on the call.

HHS initially declined to comment on Azar's remarks. But after the story published, spokesperson Michael Caputo said in a statement that "Secretary Azar simply made the point that many public health officials have made: in addition to the meat packing plants themselves, many workers at certain remote and rural meatpacking facilities have living conditions that involve multifamily and congregate living, which have been conducive to rapid spread of the disease." He also denied that Azar mentioned a role for law enforcement.

The United Food and Commercial Workers International Union, which represents thousands of meatpacking workers across the country, quickly jumped on Azar for his comments.

"America's meatpacking workers are putting their lives on the line every day to make sure our families have the food they need during this pandemic," UFCW International Vice President Ademola Oyefeso said in a statement. "Secretary Azar is cowardly pointing the finger at sick workers and peddling the same thinly-veiled racism we have heard from far too many in positions of power."

Trump: Stay Tuned on China Purchases

The president said Wednesday he'd be able to report by the end of next week on whether he was happy with China's level of purchases. Trade numbers this week saw a sharp decline in U.S. exports to China and sowed doubt that Beijing would be able to live up to its initial commitment to buy \$76.7 billion above 2017 levels for agricultural goods, manufactured goods, energy goods and services.

"I'll be able to report in about a week or two as to not only with the farmers but with many other industries also," Trump said.

When asked if he was considering additional tariffs on China as a potential response to Beijing's alleged role in the coronavirus pandemic, Trump had little to say. "I don't want to talk about that now. We're in the midst of some very big things," he said.

Food, Consumer Product Companies Ask Pence for Guidance

Food and consumer products trade groups sent a letter to Pence on Thursday asking for [more guidance on the steps they should take as they prepare to reopen](#). Companies and trade groups

have gotten “piecemeal guidance” from different agencies so far, “making it extremely difficult for companies to develop the comprehensive detailed response plans they need,” the groups write in the letter.

“What threshold of positive employee COVID tests should trigger a plant shutdown? When and how should manufacturers administer tests as they ramp up to reopen a plant that has been closed?” The letter was signed by a dozen groups, including the American Bakers Association, the American Beverage Association, and the American Frozen Food Institute.

Worker Crisis Hits the Grocery Store

The fact that meat processing plants have become hot spots for the coronavirus — shuttering production and fueling broad concern about worker safety — has been in the news for days, but we’ve entered a new phase of the crisis: Consumers are now broadly seeing the effects of the disruption.

Several grocery retailers, including Kroger, Costco, ShopRite and Albertsons, are limiting how much fresh meat shoppers can buy, [per the Wall Street Journal](#).

Meat available at grocery stores could shrink by nearly a third by Memorial Day, according to a [new analysis by Denver-based CoBank](#). The situation could drive retail pork and beef price prices up as much as 20 percent compared with last year, the bank estimates.

Analysts expect pork plants to steadily reopen in the coming weeks, but U.S. hog producers could have euthanized as many as 7 million pigs in the second quarter alone, which could backlog the entire lifecycle of production.

It’s almost unthinkable in America to see widespread shortages of meat products, and certainly something the Trump administration desperately wanted to avoid, but here we are.

Perdue this week told companies with shuttered plants to submit “written documentation of their protocol” and aim to “resume operations as soon as they are able” after safety precautions are put in place, according to a [letter sent to governors and company leadership](#).

Worker concerns remain a challenge. If employees are fearful about their safety and do not show up for work, production will remain slow even where large plants are able to reopen. At a JBS plant in Greeley, Colo., worker absenteeism is about 30 percent, Bloomberg [reported](#). There are now 280 cases linked to that plant and seven people have died, [according to the latest update](#).

Perdue on Wednesday sounded upbeat about meat disruptions being a blip. In an Oval Office meeting with Trump, Vice President Mike Pence and Iowa Gov. Kim Reynolds, Perdue said shortages should end within 10 days as plants open back up, according to the pool report.

“I think we’ve turned the corner,” Perdue said. “We’ll see them coming back on line. ... I’d say probably a week to 10 days we’ll be back up.” The tone is consistent with the secretary’s recent [“SonnySide of the Farm” podcast](#), which downplayed widespread disruptions.

There are [at least 1,600 coronavirus cases in meat plants](#), the state health department confirmed this week. The rates of infection ranged from nearly 60 percent of workers at a Tyson Foods facility in Perry to another in Waterloo where 17 percent of employees have tested positive.

The Tyson plant in Waterloo, which accounts for nearly 4 percent of pork processing capacity, per media reports, is reopening in a limited capacity today after being closed for about two weeks. So far, 444 employees have tested positive.

Three USDA food safety inspectors have died from the coronavirus, [CBS reports](#). Around 300 have either tested positive or are in quarantine.

Trump Suggests DOJ Will Look into Meatpackers

During the meeting with Reynolds on Wednesday, Trump told reporters DOJ will be probing the meatpacking industry amid increased concerns that major companies like JBS, Smithfield and Tyson could end up squeezing livestock producers even further as the whole system is disrupted.

“I’ll ask the federal justice department to look into it,” Trump said, in response to a question about livestock prices cratering as boxed meat prices are going up. “It shouldn’t be happening that way and we want to protect our farmers.”

Bipartisan support for a meatpacking investigation: On Tuesday, 11 Midwestern attorneys general asked DOJ to investigate the industry.

“Given the concentrated market structure of the beef industry, it may be particularly susceptible to market manipulation, particularly during times of food insecurity, such as the current COVID-19 crisis,” the attorneys general said [in a letter](#).

R-Calf USA and other cattle producers sued Tyson, JBS, Cargill and National Beef last year, alleging the four biggest beef packers conspired to fix lower prices paid to ranchers. The companies have sought to dismiss the suit, which is pending in Minnesota federal court.

Supersizing USDA’s Farm Relief Arsenal

There’s momentum in Congress to expand the borrowing authority of USDA’s Commodity Credit Corporation, the Depression-era agency that’s funding part of the department’s stimulus payments to farmers and ranchers (and that’s facilitated the Trump administration’s trade bailout program since 2018). It’s one of the primary funding options on the table as lawmakers consider more agricultural aid in their next coronavirus response package.

[A House bill introduced on Tuesday](#), backed by Reps. Austin Scott (R-Ga.), a senior House Ag member, and Sanford Bishop (D-Ga.), who chairs the House Appropriations panel that oversees USDA’s budget, would lift the CCC’s annual borrowing cap from \$30 billion to \$68 billion — [effectively catching up to inflation since the limit was last adjusted in 1987](#).

The proposal would essentially give USDA a green light to send far more money to struggling producers who are rapidly losing money, euthanizing livestock and destroying perishable goods because of unprecedented market disruption.

Congress has scrambled for new ideas to address the shortfalls in its initial efforts to save the farm economy. Flooding farmers with extra cash could go a long way to resolving debates over how to divvy up limited resources from the government.

Scott said his legislation would [help mitigate long-term damage to the food supply chain](#) and insulate annual farm bill programs that are also paid through the CCC.

Congress in March considered hiking the agency's borrowing limit to \$50 billion. But if such a boost is back on the table, Democrats could again [demand a 15 percent increase in Supplemental Nutrition Assistance Program benefits](#) in exchange.

John Hoeven (R-N.D.), Bishop's counterpart in the Senate, who has played a key role in shaping the agricultural aid plans, told reporters last week that he's in favor of shooting for the \$50 billion mark (or higher) in the next stimulus package.

Sen. Joni Ernst (R-Iowa) is pressing USDA to [include egg producers in its \\$19 billion aid package](#) and to consider directly buying and redistributing liquid egg products.

Trump Signs Executive Order Intended to Boost Seafood Industry

Trump on Thursday [signed an executive order](#) instructing agencies to expand sustainable seafood production in part by making aquaculture permitting processes more "efficient and predictable," speeding up regulatory reform to maximize commercial fishing, and "upholding common-sense restrictions on seafood imports that do not meet American standards."

The U.S. should amp up domestic seafood production and rely less on imports, Trump said in a statement. He said that innovation in the aquaculture industry is hurt by "burdensome over-regulations and red tape" and small aquaculture companies must deal with an unnecessarily complex permitting process.

The White House also said \$300 million in funds will be made available to support fisherman and other businesses hurt by the coronavirus.

How To Get Food Banks Buy Directly From Farms

Gillibrand on Tuesday introduced a bill that would dole out \$8 billion in block grants to the top specialty crop states so their food banks can connect with the excess supply of produce in their area.

The money would be used to cover the cost of food as a way to help farmers with lost markets, as well as to cover the cost of logistics, including distribution, processing, and additional staff needed at food banks, according to the New York Democrat's office. "I think this is something that USDA will support," she told reporters on Tuesday.

The United Fresh Produce Association said this week it expects the next aid package will likely include a provision to allow states to boost cash vouchers for fruit and vegetable purchases in the Special Supplemental Nutrition Program for Women, Infants, and Children through the end of September.

The move would bump the monthly voucher to \$35 per month. Currently, women receive \$11 per month and children receive \$9 per month in vouchers in the program. That could translate to an additional \$120 million a month in WIC produce purchases, the group said.

States Seek Federal Beef Price-Fixing Probe

Nearly a dozen Midwestern and Western state AGs joined the growing chorus of officials asking DOJ to investigate anticompetitive behavior by major meatpackers, citing the high price of retail beef while live cattle prices continue to sink.

[In a letter to U.S. Attorney General William Barr](#), the state AGs on Tuesday said that heavy consolidation in the sector means beef processors “are well positioned to coordinate their behavior and create a bottleneck in the cattle industry — to the detriment of ranchers and consumers alike.” They’re asking for a “thorough examination of the competitive dynamics of this industry.”

Federal lawmakers have made similar requests to DOJ, and USDA is already running its own investigation into potential price-fixing. A bipartisan group of House members on Friday [asked Secretary Sonny Perdue to share his department’s findings](#) with Congress as soon as possible.

Economic Disaster Loans Now Open to Small Farms

Farmers and ranchers have been stuck behind a long line of businesses seeking Economic Injury Disaster Loans — a source of frustration among farm-state lawmakers who recently passed [legislation](#) ensuring that ag businesses could qualify for the program. On Monday, the Small Business Administration moved to squash the issue by reopening the application window for newly eligible farm businesses only.

SBA Administrator Jovita Carranza said the agency was barred from providing disaster aid to the ag industry for decades, until Congress in late April approved fresh funding for the EIDL program and a provision authorizing small farmers to receive loans. But because so many businesses had already requested loans, SBA initially decided to use the new funds to process those applications instead of taking any new ones.

Let’s check in on the SBA’s more famous Payroll Protection Program, another loan option that farmers initially struggled to access. As of Friday, the agency had approved [more than \\$175 billion in forgivable loans](#) from the second batch of funding that Congress provided two weeks ago.

The SBA didn’t break it down by industry this time. In the first round, businesses in agriculture, forestry, hunting and fishing [collected close to \\$4.4 billion](#), much less than other sectors like construction (\$45 billion) and manufacturing (\$41 billion).

[In a letter to the agency today](#), Sen. Tammy Baldwin (D-Wis.) is asking officials to rethink how they determine eligibility for ag producers seeking PPP loans. Some farmers have been excluded because they weren’t profitable in 2019 or weren’t able to show payroll costs, she said.

All the Ag Aid Ideas

Now that the Senate is back in session, Congress will soon negotiate another potentially massive coronavirus response measure. In the meantime, lawmakers are putting their farm rescue ideas down on paper. Here’s a roundup of the latest proposals:

The Senate Chicken Caucus released a letter to Perdue asking him to keep chicken farmers in mind as USDA prepares to distribute direct payments across the farm sector. The plan includes \$9.6 billion in aid to livestock producers, but it’s divided among cattle, hog and dairy farmers.

“Chicken farmers across the country have been forced to depopulate millions of healthy birds in response to substantial reductions in processing capacity,” [the senators wrote](#).

Sen. Angus King (I-Maine) wants USDA to change its definition of “fresh produce” to ensure that fresh-frozen wild blueberries qualify under the department’s relief package, [the AP reports](#). He’s also seeking aid for the state’s potato industry.

And a group of House Democrats today laid out dozens of policy ideas for consideration in the next stimulus package, with a focus on small farmers, organic producers and those who sell to local food systems like farmers markets. “This vital and growing part of the economy is too often ignored and receives too little support even though it is very important in so many of our communities,” wrote Rep. Chellie Pingree (D-Maine) and 24 other members in a letter to House leaders.

USDA Throws Biofuel Sector A Bone

The department on Monday [launched a \\$100 million grant program](#) to build new infrastructure for higher biofuel blends of gasoline at fuel stations and other facilities. The funding was announced back in February, our Pro Energy friends tell MA, but at least it’s a bit of good news for the hard-hit industry.

Ethanol producers have shuttered half of their operations nationwide because of the steep drop in gasoline consumption. But they were left out of USDA’s first agricultural aid program despite heavy pressure from corn-state lawmakers.

Ron Lamberty, senior vice president at the American Coalition for Ethanol, said the group is still focused on “securing immediate aid” for producers, but “investments in infrastructure now will help secure long-term growth and help ethanol demand recover more quickly once the economy starts to open back up.”

Giant Dairy Merger Is A Done Deal

Under the final agreement, the Dairy Farmers cooperative is required to sell milk processing plants in Harvard, Ill., De Pere, Wis., and Franklin, Mass., and federal prosecutors will need to approve the buyers.

DFA last month was the highest bidder to buy Dean’s assets after the milk processing giant filed for bankruptcy in November. The co-op offered \$433 million for 42 facilities owned by Dean, but grocery chains and dairy co-ops in several states objected, and the Justice Department filed an antitrust complaint against the mega-merger.

DOJ also said Friday that it would allow Prairie Farms Dairy in Illinois to buy milk processing plants from Dean in the South and Midwest because those facilities would otherwise shut down.

Long before the coronavirus pandemic shut down schools and restaurants and forced farmers to start dumping milk, dairy producers were struggling with years of low milk prices, excess supply and growing competition from plant-based alternatives like soy and almond milk. Borden Dairy, the second largest milk processor, has also filed for bankruptcy.

Tracking SNAP Approvals

Minnesota is the latest state [approved by USDA](#) to allow Supplemental Nutrition Assistance Program recipients to use their benefits to buy groceries online through select retailers like Amazon and Walmart. The pilot program is up and running in several states, and about a dozen others have been authorized to set up online purchasing in the near future. Nearly 400,000 individuals (or 200,000 households) in Minnesota are enrolled in SNAP.

USDA also [approved Delaware and Oregon](#) for the Pandemic Electronic Benefit Transfer program, which offers extra nutrition benefits for families with children who normally qualify for subsidized school meals.