

News from Washington: April 16-22

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House Ag Committee Advances Agriculture and Nutrition Act

The House Agriculture Committee today passed out of committee the [Agriculture and Nutrition Act of 2018](#) (H.R.2) – critical legislation to address the economic challenges facing the nation's farmers and ranchers, while making historic investments in opportunities for SNAP recipients.

Upon passage, Chairman K. Michael Conaway (TX-11) issued the below remarks:

"Today's vote was about America's farmers and ranchers. It was about a better future and greater opportunities for SNAP recipients. It was about fulfilling an obligation to lead, rather than standing on the sidelines.

"I'm disappointed that my Democrat colleagues have turned their backs on America's heartland – that they've chosen partisan politics over the three years of bipartisan work in this committee. Democrats halted talks over their objection to requiring work-capable adults to either find employment or receive free training for 20 hours per week. Yet, despite this turn of events, I remain hopeful. When House Democrats pushed a partisan farm bill that raised taxes in 2008 over Republican objections, Republicans worked alongside Democrats to fend off hostile amendments aimed against the legislation on the House floor and worked in conference committee to achieve a bipartisan farm bill. I am hopeful Democrats will not hold the nation's farmers and ranchers hostage in this process over the SNAP work and training requirements, which will provide SNAP beneficiaries not just a benefit, but a better future that only a job can provide.

"But we'll continue fighting, we won't settle for the status quo – because America needs a farm bill. America deserves a farm bill. And I look forward to taking this vote to the people's House – to debating these policies on the floor and to sharing our vision with the American people. We have cleared this hurdle and will deliver a strong, new farm bill on time."

[Source: House Committee on Agriculture](#)

CBO Details Price Tag of House Farm Bill

The House farm bill unveiled last week would make about \$1.5 billion in cuts between fiscal 2019 and 2028 across conservation, rural energy development and crop insurance in order to offset additional spending on other initiatives, according to the score the Congressional Budget Office posted on Friday. Some funding boosts will come to nutrition programs, commodity supports, and a new U.S.-only vaccine bank to combat diseases in livestock.

The CBO confirms much of what the House Agriculture Committee had been saying for weeks: that the bill would essentially be budget neutral. It would reduce the federal deficit by a modest \$7 billion over a decade while overall spending in the nutrition title wouldn't be cut. But the rearranging of the deck chairs is already facing opposition.

Here's how the House farm bill would shift funding:

- Conservation programs face biggest cutback: The conservation title would be cut by nearly \$800 million over a decade under House Agriculture Chairman Mike Conaway's farm bill. The committee proposes folding aspects of the Conservation Stewardship Program into the Environmental Quality Incentives Program, both of which fund the application of conservation practices on land remaining in production. The phase-out of CSP would save \$12.6 billion over a decade, while spending in EQIP would rise to

nearly \$7.7 billion. In all, funding for working lands programs would be cut by about \$5 billion over time.

- The farm bill would increase funding for the Agricultural Conservation Easement by \$2.2 billion over a decade, and for the Regional Conservation Partnership Program by \$1.3 billion. The programs pay farmers to retire their land and fund financial and technical assistance for multi-state/watershed-scale projects, respectively.
- Huge changes to SNAP: Nutrition programs would get slightly more money over a decade (\$463 million). CBO provided some details about how much money would be saved through stricter eligibility criteria and work requirements, but it offered little analysis. Reining in how some people are able to automatically qualify for the Supplemental Nutrition Assistance Program, and cracking down on states' ability to bump up SNAP benefits for participants who qualify for heating and cooling assistance, would each save more than \$5 billion over a decade. Stricter work requirements would result in benefits being slashed by \$9 billion over a decade, while it would cost \$7.6 billion to administer mandatory state education and training programs.

Expect to hear a lot from Republicans defending the bill by noting how it doesn't cut from SNAP. There also will be outrage from those who fight against hunger over how the package does cut SNAP benefits.

- Boost to crop price guarantees: The commodity title would get an additional \$193 million, mainly from a more expensive Price Loss Coverage program, which makes payments to major row crop farmers when prices drop below target levels set in the farm bill. The committee proposed allowing those target prices to move upward as the market improves, but would cap them at 115 percent. The individual (instead of county) Agriculture Risk Coverage program appears to be repealed, saving \$143 million over a decade.

Soybean Farmers Can't Replace China's Business

U.S. soybean exports to China could fall by as much as 65 percent if the tit-for-tat trade battle between the world's two largest economies prompts Beijing to slap retaliatory tariffs, according to a soon-to-be published report from Purdue University. The study comes after China announced earlier this month that U.S. soybeans could be hit with a 25-percent tariff if President Donald Trump pulls the trigger on planned tariffs to punish Beijing for its forced technology transfers.

If a U.S.-China trade war comes to fruition, China is expected to rely even more on Brazil for soybeans. Brazil is the largest soybean exporter to China, a title it snatched from American farmers seven years ago.

U.S. soybean farmers could find some substitutes for its loss in business by expanding in other markets that now take in Brazilian beans.

"Brazil will take a big chunk of our market with China, and we'll take a chunk of Brazil's market elsewhere," Wally Tyner, a professor of agricultural economics at Purdue and author of the report, told POLITICO. The European Union, Mexico, Indonesia and Japan are among the nations likely to increase imports from the U.S., Tyner added.

Even by cutting into Brazil's other markets, there is no combination of alternative routes available that could sufficiently make up for a major loss of business with China – a market that accounts for roughly 61 percent of U.S. exports and is worth nearly \$14 billion.

“Even assuming these other markets can grow, they probably can’t grow to match what China used to do,” said Chad Hart, an associate professor of economics at Iowa State University. “China is such a dominant player. You can’t even put together the rest to add up to China in the market right now.”

House Farm Bill Impact on Smaller Ag Programs

There are a number of so-called orphan programs in the farm bill that don’t have a spending baseline beyond Sept. 30, when the law expires. One of those is the Farmers Market and Local Food Promotion policy, which received about \$150 million over the life of the current law. Legislation released by the House Agriculture Committee last week doesn’t include mandatory money for that program, but would increase from \$10 million to \$30 million the amount that appropriators can allocate annually. The National Organic Certification Cost Share Program, which costs about \$58 million, is another program that the committee was unable to find mandatory funding for. The House farm bill would also slash the Rural Energy for America program by up to \$50 million a year beginning in fiscal 2022, reducing the amount of guaranteed loan and grant financing USDA provides to farmers and rural businesses to implement renewable energy systems.

Two “orphan” programs that did get a boost in mandatory funding, however: the Food Insecurity Nutrition Incentives Program and the Organic Research and Extension Initiative. The former — which would grow from \$45 million in fiscal 2019 to \$65 million by 2023 — supports projects to increase produce purchases among SNAP recipients; the latter would grow from \$5 million to \$30 million by 2023.

TPP Turnaround is a Lesson in How to Ignore Trump

A declaration last week from President Donald Trump announcing that that he had instructed two of his top advisers to consider rejoining the Trans-Pacific Partnership normally would have thrilled exporters, sent stocks soaring and prompted corporate strategists to run to their spreadsheets to calculate the impact. But none of that really happened — largely because diplomats and investors are settling on a strategy to deal with his rapidly shifting statements: Just ignore him.

Financial markets and America’s trading partners ignored the comments as a throwaway line, a reaction that was validated when Trump tweeted late Tuesday night that he does “not like the deal for the U.S.”

“He’s clearly proven that he tends to shoot first and ask questions later and that is very, very difficult for anyone on Wall Street or really anywhere to navigate,” said Jack Ablin, chief investment officer at Cresset Wealth Advisors. “You can get free traders in the administration pushing stuff like rejoining TPP. Then, he wipes it all out with a single tweet. So what we’ve tended to do is just look at the trends from 30,000 feet and shrug off the random tweets.”

Secretary Perdue Announces New Senior Leaders at USDA

U.S. Secretary of Agriculture Sonny Perdue today announced the selection of senior leaders in several U.S. Department of Agriculture (USDA) agencies. Perdue appointed Ken Isley as Foreign Agricultural Service (FAS) Administrator, Joel Baxley as Rural Housing Service (RHS) Administrator, and Martin Barbre as Risk Management Agency (RMA) Administrator. In addition, Perdue announced the appointment of Tommie Williams as Minister-Counselor for Agriculture at the U.S. Mission to the United Nations Agencies for Food and Agriculture in Rome.

“President Trump has made increasing prosperity in rural America a priority for his administration, and our new USDA team members will be key in advancing us toward that goal,” Secretary Perdue said. “Improving economic conditions in rural America involves providing services to farmers, ranchers, foresters, and producers, and it also means helping people who live in those communities. In addition, we must continually try to find new markets for the agricultural bounty they produce. Our new leaders in FAS, RHS, and RMA will help us carry out our mission.”

Ken Isley, FAS Administrator

Ken Isley most recently served as Special Adviser for Corteva Agriscience, the agriculture division of DowDuPont. For the previous five years, he served as Vice President, General Counsel, Secretary of Dow AgroSciences, and was a member of Dow AgroSciences’ Corporate Management Committee. Isley was also Associate General Counsel of Dow, with oversight of Dow’s Latin America Legal group. He spent nearly 29 years of service at Dow, beginning his career with the firm in 1989. Isley is a member of the Indiana Bar Association, Michigan Bar Association (inactive), and the American Corporate Counsel Association.

Joel Baxley, RHS Administrator

Joel Baxley comes to USDA with 23 years of real estate finance experience, including 13 years providing valuations of complex property types. He most recently served as the Consulting Services Director and the senior real estate technical consultant with RSM US LLP’s Financial Advisory Services consulting practice. Baxley holds an undergraduate degree and MBA from the University of Alabama and two post-graduate degrees from the University of Oxford.

Martin Barbre, RMA Administrator

Martin Barbre owns and operates Chestin Farms and grows 6,000 acres of corn, soybeans, wheat, grain sorghum, and alfalfa, as well as specialty crops. He is a past president of the National Corn Growers Association Corn Board and a member of the Illinois Corn Growers Association (ICGA), having served on the board of directors from 1995 to 2006. Barbre served as vice president of the ICGA in 2003 and president in 2004. He graduated from Southeastern Illinois College in 1974 with a degree in Ag Business.

Tommie Williams, Minister-Counselor for Agriculture, U.S. Mission to the United Nations Agencies for Food and Agriculture in Rome

Tommie Williams began his career as an onion farmer in Toombs County, Georgia and later founded several successful businesses, including marketing native pine straw and growing olives on a 30-acre farm. He has worked in Italy, China, Belize, and Israel. Williams was elected to the Georgia State Senate in 1998, eventually rising to the ranks of Majority Leader and President Pro Tempore before retiring in 2006. He holds a Bachelor’s Degree from the University of Georgia and a Master’s Degree in Education from Georgia Southern University.

[Source: USDA](#)

E. Coli Outbreak in Romaine Lettuce

Consumer Reports is recommending that consumers avoid eating romaine lettuce after an E. coli outbreak possibly connected to the leafy greens has sickened 35 people across 11 states. “Consumer Reports is making this recommendation given the potentially fatal consequences of E. coli, the fact that there are still several unknowns about this outbreak, and that no type of romaine has been ruled definitively safe by government officials,” said James E. Rogers, Ph.D., director of food safety research and testing at Consumer Reports.

The FDA on Friday said the outbreak is likely to have stemmed from chopped romaine lettuce raised in the winter growing areas of Yuma, Ariz. So far no particular grower, supplier or distributor has been identified.

The CDC didn't go as far as to say that people should stop eating romaine lettuce altogether. But it did recommend that those who purchased chopped romaine, including the kind used in salad mixes and who are unable to confirm its source, should not eat it and instead throw it away.

The number of food product recalls has increased significantly in recent years. Between 2004 and 2008, food recalls averaged 304 a year, but that number spiked to an average of 676 a year between 2009 and 2013, according to a new USDA report. That significant hike is likely due to improvements in pathogen and risk-detection technology, an increase in regulatory oversight and enforcement and Congress' passage of two food policy laws.

Six food categories accounted for the majority of food recalls: prepared foods and meals; nuts and seeds; baked goods and grains; candy; and sauces, condiments and dressings. The most common reasons for the recalls were failure to declare major allergens and possible Salmonella contamination.

EPA Officials Fear Being Cut Off from Data

As EPA Administrator Scott Pruitt weighs next steps on a scientific transparency directive announced earlier this year — which is expected to require that the raw data for all studies be publicly available and peer-reviewed — members of Pruitt's staff expressed concern it could block their own use of industry data.

Emails between EPA officials obtained by the Union of Concerned Scientists show that Nancy Beck, the top political official in the agency's chemicals office, voiced concerns after she received a draft of the not-yet-released policy on Jan. 31.

The directive in question has origins in legislation introduced by Rep. Lamar Smith during the Obama administration, but its requirements would exclude a lot of data about pesticides and toxic chemicals that Beck's office examines when determining whether a substance is safe or must be restricted.

"These data will be extremely valuable, extremely high quality, and NOT published," Beck wrote in an email to an official in EPA's office of research and development. "The directive needs to be revised."