

News from Washington: October 1-7

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Trump Lands NAFTA Deal with Canada

Get ready to hear a lot of talk about USMCA — the U.S.-Mexico-Canada Agreement. Trade officials struck a deal late Sunday night for a three-way trade pact to replace NAFTA that includes significant changes to dairy import rules. The preliminary deal marks a major step toward fulfilling one of President Donald Trump's signature campaign promises.

"It's a great win for the president and a validation for his strategy in the area of international trade," a senior administration official said on a call with reporters late Sunday.

Trump administration officials said the new framework eliminates Canada's "Class 7" pricing system for milk ingredients. It also opens the Canadian dairy market to U.S. exports at an additional 3.59 percent — more than the 3.25 percent share the Obama administration negotiated under the Trans-Pacific Partnership.

The new dairy access was a priority for U.S. negotiators and had been one of the most vexing disputes in the trade talks. American dairy farmers complain that the milk ingredient pricing scheme has dried up demand for their products and distorted international markets. New safeguards [will be created](#) to prevent major export increases for certain dairy products.

Read the text of the agreement [here](#).

In a joint statement, U.S. Trade Representative Robert Lighthizer and Canadian Foreign Minister Chrystia Freeland promised the pact would bring "freer markets" and "fairer trade" for farmers, ranchers and other workers.

Now comes the hard part — getting Congress to approve the deal. The agreement gives Trump a clear policy victory to talk up on the campaign trail this month. But it's unclear how much support the new trade deal will garner among the president's own party.

Republicans will closely scrutinize the deal's intellectual property rules and dispute-resolution mechanism. Democrats will analyze its labor and environmental standards, as House Ways and Means ranking member Richard Neal (D-Mass.) noted Sunday night.

"The bar for supporting a new NAFTA will be high," Neal said in a statement. He and Rep. Bill Pascrell (D-N.J.), who chairs the panel's trade subcommittee, said they weren't convinced that USMCA was superior to NAFTA.

That skepticism could prove problematic for ushering the new trade pact through Congress — especially if Democrats retake the House majority in the Nov. 6 midterm elections. Trump plans to sign the agreement along with his Mexican and Canadian counterparts by the end of November. A formal vote in Congress won't be held until next year.

USTR also released [reports](#) from more than two dozen advisory panels asked to review the U.S.-Mexico trade agreement reached one month ago, including committees on agriculture. Doing so met a statutory requirement under Trade Promotion Authority law, which allows the deal to get an up-or-down vote without amendments.

But at least some of the reports are already outdated now that Canada was added to the mix. It was not clear whether any of the reports would be revised to reflect the new agreement.

Farm Bill Tensions Simmer

House and Senate agriculture leaders emerged from an hourlong meeting in the basement of the Capitol on Thursday trying to send a signal of unity: The four lawmakers posed for a [photo](#) with locked arms. Behind the scenes, however, talks have been slow and tense.

The expectation had long been that the House's insistence on implementing new work requirements for the Supplemental Nutrition Assistance Program would sink the whole bill, at least politically. But deep differences between the two chambers on farm subsidies and other spending priorities have stymied progress as lawmakers have met over the past several weeks — so much so that SNAP has barely been a focus.

Amid the slow rolling talks, a public standoff has emerged between House Agriculture Chairman Mike Conaway and Senate Agriculture ranking member Debbie Stabenow — even as Senate Agriculture Chairman Pat Roberts has raised similar objections to House proposals during closed-door meetings. The Conaway-Stabenow friction has been driven by a combination of personality, policy and party politics.

At the heart of the current impasse is the bill's commodity title, and how the farm subsidy pie will be divvied up among regions of the country. Stabenow and Roberts oppose House provisions that the CBO [projected](#) would send more cash to farmers in the Southern Plains, including more than \$500 million to cotton growers, a top constituency in Conaway's West Texas district.

Conaway isn't thrilled about how the Senate bill would eliminate a \$2 billion perk for rural utilities that borrow from the federal government, a tradeoff that opened up funding for a number of Stabenow's priorities, including initiatives promoting renewable energy development and local and regional food, research funding for urban and indoor farming, and assistance for beginning farmers and ranchers.

Disputes between Conaway and Stabenow over commodity policy have taken up much of the oxygen in talks among the so called Big Four, said House Agriculture ranking member Collin Peterson.

"[Conaway] and Stabenow are fighting over this stuff, and Pat and I just sit and look at each other and roll our eyes," the Minnesota Democrat said.

NAFTA Deal Emboldens White House in China Talks

White House economic adviser Larry Kudlow is using the new North American trade deal to try to lure China back to the bargaining table — and to flex the Trump administration's bolstered negotiating strength. The National Economic Council director said Tuesday that the Trump administration is still open to "serious" discussions with the Chinese government aimed at easing trade tensions, potentially on the sidelines of the G-20 meeting starting Nov. 30 in Buenos Aires.

Kudlow also claimed that the new trade deal with Canada and Mexico gives the U.S. new leverage in the dispute with China.

“The continent as a whole now stands united against what I’m going to call unfair trading practices by you know who — it starts with a C and ends with an A,” he told reporters on Tuesday.

That unity isn’t just symbolic — if the new three-way trade pact is enacted, it also would be statutory. The new U.S.-Canada-Mexico agreement contains a provision that effectively enables a country to be booted from the trade pact if it enters into a trade deal with a “nonmarket economy” — i.e. China. The language also requires that the country provide the others with three months’ notice before entering into negotiations with China or a similar economy.

The language has President Donald Trump’s fingerprints all over it. The anti-China provisions are effectively a loyalty oath — a Trump-inspired way of keeping the North American neighbors from working out any side deals with adversaries.

The U.S. Trade Representative and his team of loyalists have a battle plan to smash China and they’ve passed the point of no return in their efforts to implement it.

Impose duties to pressure U.S. companies to move manufacturing out of China — then, once American businesses are out of the line of fire, unload the full fury of tariffs on the Chinese economy.

The two economic rivals unloaded the latest round of tariffs in last month. The U.S. slapped duties on an additional \$200 billion in Chinese goods, and China retaliated with new tariffs on \$60 billion in U.S. exports. Trump has threatened even more duties on another \$267 billion worth of imports from China.

A Scramble for Farm Bill Programs Left In Limbo

While most of the big-ticket items in the farm bill continue right along even without the law being reauthorized, there are nearly 40 so-called orphan programs which no longer have funding as of today. Despite Perdue’s pledge that USDA will work within its authorities to do what it can, it’s not clear exactly what will happen to each program. Orphan programs span a wide range of initiatives, from providing support for beginning producers and organic research to assistance for veteran and socially disadvantaged farmers.

“Everyone is scrambling to figure that out,” Andrew Bahrenburg, national policy director of the National Young Farmers Coalition, said of the fate of orphan programs. His group is particularly concerned about the Beginning Farmer and Rancher Development Program and the Farmers Market Promotion Program, both of which could see much of their work put on hold for the foreseeable future.

Bahrenburg said USDA is trying to figure out what they can do in the interim. “I don’t think anyone down there wants to see the lights shut off on any of these programs.”

Senate Agriculture Chairman Pat Roberts said last week that arrangements were being made to prevent a lapse in operations for the left-behind programs. Since then, however, neither top ag lawmakers nor USDA officials have provided any clarity on what USDA may be able to do in the absence of authorization for these programs. Bahrenburg said Roberts’ comments sounded “encouraging,” but he added: “I haven’t heard any more details.”

“We were pretty stunned to watch the House take their last votes until Election Day and just let this thing die on Sunday night,” Bahrenburg said, looking back on last week. “It’s an interesting and bold reelection strategy.”

Perdue: Tariffs ‘Dampening’ NAFTA 2.0 Gains

Perdue has hailed the new North American trade pact as a big win for U.S. agriculture. Like other ag groups, however, he thinks the negative impact of retaliatory tariffs on U.S. producers is stepping all over the good NAFTA news.

“We do know that it has some dampening effect on the benefits for agriculture in this agreement, so we look forward to that being resolved very soon,” Perdue said of the duties. Major trading partners like China, Canada and Mexico have stuck tariffs on U.S. agricultural goods in retaliation for President Donald Trump’s duties on steel and aluminum.

U.S. trade officials are talking about a tariff resolution with Canada and Mexico separately from discussions related to the North American trade pact, which leaders intend to sign late next month.

Discussions with China remain stalled. That’s because the Trump administration’s priorities keep shifting, says Chinese Ambassador Cui Tiankai. Cui told NPR that the U.S. has made unreasonable demands of China and hasn’t demonstrated enough good will in the talks.

The Chinese government has stayed mum on the new U.S.-Mexico-Canada deal. Trump sees the three-way pact — which includes provisions aimed squarely at China — as a show of U.S. strength and a source of leverage in negotiations with Beijing. State media outlets in China have been silent on the trade deal or avoided analyzing its potential to affect the U.S.-China talks.

Opioid Bill Headed Trump’s Way

The bipartisan bill that would provide a wide range of public health measures to respond to the opioid crisis passed the Senate on Wednesday, 98-1, and now stands ready for Trump, who has said he will sign it. The bill, passed by the House last week, seeks to address both inpatient and outpatient programs, from birth to old age.

The bill looks to solve the severe shortage of treatment providers and beds across the country, particularly in remote and rural areas.

Telehealth can be especially useful in rural areas, which tend to have higher rates of prescription painkiller addiction, Brianna writes. The bill lifts old Medicare restrictions barring payment for such treatment outside of designated rural areas and would allow providers to prescribe FDA-approved Medication-Assisted Treatment via telehealth.

Perdue Calls for Embracing Cell-Cultured Meat Tech

Agriculture Secretary Sonny Perdue on Thursday suggested that USDA and FDA are likely to have joint jurisdiction over the burgeoning cell-cultured meat sector — perhaps the clearest signal yet of where this ongoing regulatory turf battle is headed — but he also made some interesting comments about his views on the technology.

“The main thing is we don’t want this new technology to feel like they’ve got to go offshore or outside the United States to get a fair regulatory protocol,” Perdue told reporters at a North American Meat Institute event.

The comment is likely to be particularly interesting to the startups in this space, which have worried that USDA is likely to put its thumb on the scales against cell-based meat technology at the behest of parts of the meat industry that hate the very idea of the sector.

Perdue shared his thoughts about the technology earlier this week as well in an interview with [Organic Insider](#). The secretary was asked about organic farmers being upset about competing with large hydroponic production that can be labeled as organic, even though it doesn't use soil. In his response, Perdue brought up the meat industry and cell-based technology.

"It shouldn't be the competitive. Just like the meat industry," he said. "We've got new technology with stem cell protein growth there. While some people may be anxious about taking their markets, shouldn't we in the United States be about how we can grow and feed people more efficiently and more effectively ... these techniques need to be embraced, not kept out of."

Should USDA Adjust Its Definition of a Farm?

The department's statistics don't accurately reflect today's agriculture sector, and it should reorganize data collection methods to account for the rise of mega-farms, the National Academies of Sciences, Engineering and Medicine recommended in a new report.

USDA annually collects varied data on U.S. farms, which is used to inform policies on the environment, biodiversity, food security and population health. But the current method still portrays farms as "self-contained, family-operated businesses," and isn't equipped to handle the growing complexity of the farming industry, the report argues.

Small farms accounted for 40 percent of all production in 1996, but they've come to be overshadowed by large, industrial farms, which now account for more than half of all production.

The group says USDA should do more to tease out the differences between smaller family farms and industrial mega-farms by creating a Farm Register. The proposed register should designate smaller farms as "farm establishments" and larger ones as "farm businesses," and it should be continually updated. The report also recommends that research agencies rely less on non-survey data sources to increase accuracy and decrease the burden on farmers to respond.

Only 80 percent of farmers answer the mandatory Census of Agriculture. The response rate for other surveys is much lower, a reality that could affect a study's findings. Farmers complain the surveys take too much time, are too long, or sometimes ask questions that are difficult to answer accurately. Large, industrial farms are less likely to complete surveys.

Nitrate Pollution Disproportionately Affects Small Farming Towns

Nitrate contamination in public water systems is a widespread problem across the country, but the scourge is really taking a toll on small communities that may not be able to pay for a treatment system, according to a new report from the Environmental Working Group.

Nitrate levels considered by the National Cancer Institute to increase the risk of cancer were found in 1,700 communities in the U.S., and two-thirds of those have no treatment systems to lower nitrate concentrations to safer levels. Within that subset, according to federal data, more than six out of 10 water systems serve 500 or fewer people, and nearly nine out of 10 serve fewer than 3,300 people.

The National Cancer Institute's standard for determining unsafe nitrate levels is lower than the one used by the EPA. The legal limit for safe drinking water is 10 parts per million, or 10 ppm. But recent research from the institute shows that tap water containing 5 ppm of nitrate increases the risk of colon, kidney, ovarian and bladder cancers.

EWG estimated that the cost to build an effective system in these small communities could total hundreds or thousands of dollars a year, per person. Agriculture is by far the biggest contributor to nitrate pollution. Water systems without proper nitrate treatment are mostly found in farming areas in the Midwest and California with less than 500 residents, but still exist in 43 states.

"Without aggressive, targeted and enforceable protection efforts, America's nitrate problem will get worse, and more Americans will be at risk of drinking contaminated water," EWG states. You can find the full report [here](#).