

News from Washington: January 7-13

Unless stated otherwise, stories are sourced from [Politico](#).

Border Talks Hit A Wall, Dooming House Spending Bills

The House on Thursday passed several spending bills for federal agencies dealing with funding lapses, including USDA and FDA, as part of Democrats' strategy for ending the partial shutdown. The vote was 243-183, with 10 Republicans in favor, but it's a futile effort with negotiations between Capitol Hill and the White House floundering.

Graham and a few other Senate Republicans pitched a path forward that would have given Trump billions of dollars for the border wall in exchange for protections for immigrants brought to America as children, known as Dreamers. But Vice President Mike Pence signaled the president wouldn't go for it, [POLITICO reports](#).

Now it seems increasingly likely that Trump will declare a national emergency in an effort to circumvent Congress and get money for the wall. Few other exit ramps appear to be available to the White House. If Trump makes that play, House Democrats can pursue both congressional and legal avenues to try to block him.

No new USDA grants supporting ag research, education and extension services are going out, including from the \$630 million funding boost included in the 2018 farm bill, and federally operated labs are closed. That has Blair Siegfried worried about his research on how the CRISPR technology can help fight stink bugs, an invasive species that has devastated crops like soybeans and peaches.

Siegfried, chairman of the Department of Entomology and Nematology at the University of Florida Institute of Food and Agricultural Sciences, has a partnership with a USDA researcher that allows him access to state of the art lab equipment. If the shutdown continues, that would mean his project has the potential to "fail completely" in part because he can't reach quarterly progress goals.

Senate Democrats may be resigned to being unable to block Trump's nominee to lead EPA, Andrew Wheeler, but the shutdown is making it more difficult for them to closely vet his record.

Lawmakers won't get any of the 20,000 emails between Wheeler — who is currently serving as acting administrator — top agency officials and industry groups that a federal judge ordered to be released because the clock on a 10-month deadline doesn't start until the partial shutdown ends.

FDA Aims to Revive High-Risk Food Inspections

FDA officials are working to get routine high-risk food safety inspections back up and running. "We're taking steps to expand the scope of food safety surveillance inspections we're doing during the shutdown to make sure we continue inspecting high risk food facilities," Commissioner Scott Gottlieb wrote Wednesday in a Twitter thread.

Several commodities fall under FDA's high-risk category, including seafood, soft cheeses, fresh fruits and vegetables, spices, shell eggs, infant formula and medical foods.

"We should have the mechanisms in place next week," Gottlieb said via Twitter, regarding high-risk inspections. He noted FDA had stopped or delayed only a small number of the roughly 8,400 inspections the agency routinely conducts each year.

FDA typically conducts about 160 food facility inspections per week, about a third of which are considered high risk, Gottlieb said. The Food Safety Modernization Act requires FDA to inspect high-risk food facilities at least once every three years. There are roughly 20,000 food facilities that are considered high-risk in the U.S.

Industry Push to Approve NAFTA 2.0

Major U.S. business groups are putting together a coalition to lobby lawmakers to ratify the new North American trade deal, an industry source told POLITICO. Three dozen associations across various economic sectors are involved, but the launch date has not been scheduled, the source said.

The president on Thursday changed his oft-repeated claim that Mexico will pay for construction of a border wall, stating that the country will do so “indirectly” via the U.S.-Mexico-Canada Agreement.

U.S. Chamber of Commerce President Tom Donohue, in his annual “State of American Business” speech, expressed confidence Thursday that lawmakers will ultimately sign off on USMCA because of the importance of America’s trading relationship with its two biggest export markets.

Donohue urged the Trump administration to drop its tariffs on steel and aluminum imports from Canada and Mexico. “This would be an encouraging sign for all of our partners, including those we’re pursuing new market-opening agreements with — Japan, the EU and the U.K.,” he said.

The Trump administration needs to be “realistic” about what it can achieve on the agricultural front, former Japanese Ambassador to the U.S. Kenichiro Sasae said at an Asia Society Policy Institute event on Thursday.

White House Reverses Course on SNAP Funding

Perdue unveiled a plan on Tuesday to defuse rising warnings (including from the White House itself) that USDA could run out of money in February for Supplemental Nutrition Assistance Program benefits.

Perdue and other USDA officials announced they’ll be able to keep SNAP dollars flowing if the shutdown stretches into next month — and they won’t have to tap into a special reserve fund to do it. That means recipients will be spared from any rationing or halting of benefits — at least through February.

An obscure provision in the last stopgap spending bill, which expired Dec. 21, allows USDA to make already-obligated payments within 30 days after the funding expired.

To comply with that timeframe, SNAP benefits for February will go out Jan. 20 instead of early next month. Officials said they’ll explore other options for March if Congress hasn’t restored funding by then.

Almost 39 million people receive SNAP benefits, and nearly two-thirds of participants are children, elderly, or people with a disability, according to USDA. One month of benefits totals around \$4.8 billion.

White House officials told reporters last week that SNAP benefits couldn't be paid out for February because the program wasn't funded past January, and that a \$3 billion reserve fund wouldn't be sufficient to cover the entire month.

USDA officials said the WIC program also has sufficient funding for February, while school nutrition programs are secure through March.

Details of USDA's plan are [here](#).

Perdue Extends Trade-Aid Deadline

In another case of wriggling out of shutdown consequences, Perdue [announced](#) Tuesday that farmers will have extra time to apply for trade-relief payments beyond the original Jan. 15 deadline.

With Farm Service Agency offices closed since Dec. 28, ag producers who have yet to apply or certify their 2018 production are stuck waiting until the shutdown ends and FSA branches reopen. (Checks have continued flowing to farmers who already certified production.)

Perdue said the application cutoff would be extended by the same number of business days that FSA offices were shuttered, as soon as funding is restored.

Sen. Chuck Grassley (R-Iowa) praised the extension in a statement, but warned that various trade relief efforts will continue to get "tougher and tougher" as the shutdown drags on.

The shutdown is growing more perilous every day, with federal employees set to miss their first paychecks Friday and bureaucratic headaches springing up right and left.

Tuesday night brought more evidence that each side is digging in: Trump talked up the need for a border wall during his [primetime address](#) and Democratic leaders swiftly shot it down in a televised rebuttal.

Shutdown Hits Trump's WOTUS, RFS Plans

The shutdown is jeopardizing a wide range of Trump's agenda, including initiatives that are generally backed by the ag industry. The EPA and Army Corps of Engineers will delay publishing the proposed Waters of the U.S. replacement in the Federal Register until after funding is restored at EPA.

The 60-day public comment period won't begin until the proposed rule is published, and a hearing on the WOTUS proposal, set for Jan. 23 in Kansas City, was postponed indefinitely.

The shutdown also threatens the administration's plans to allow year-round sales of 15-percent ethanol blend from June to mid-September, Bloomberg [reported](#). EPA was aiming to release a final rule in May, in time for the summer driving season.

Other ways the shutdown is risking major pieces of Trump's agenda. For example:

- The anti-opioids campaign has been slowed by furloughs.
- The Commerce Department has stopped processing companies' requests for exclusions from Trump's steel and aluminum tariffs.
- Various agencies have stopped publishing or developing important ag, trade and economic reports.

Grassley Backs Ditching NAFTA If Dems Hold Up USMCA

Senate Finance Chairman Chuck Grassley, in a briefing with reporters, said he would advise Trump to withdraw from NAFTA if Democrats seek to reopen the U.S.-Mexico-Canada Agreement.

Grassley said Democrats' beefs with the deal — including concerns about enforcing environmental protections and labor standards — could be addressed through side letters without reopening the entire agreement.

The Iowa Republican added that Trump will need to lift steel and aluminum duties on America's North American neighbors "if we're going to get agriculture behind" the new three-way trade pact when it comes up for a vote in Congress.

Grassley also dug in on his demand that ag be included in U.S.-EU trade talks when he met for 45 minutes Wednesday with European Trade Commissioner Cecilia Malmström.

"Europe is not able to negotiate agricultural products," Malmström said afterward.

What's Next for U.S.-China Talks?

After discussions in Beijing wrapped up Wednesday, U.S. trade officials said they're still weighing next steps with 50 days left to strike a longer-term deal. The in-person negotiations focused on China purchasing U.S. farm goods and other products, USTR said in a statement that made no mention of when the next meetings would be held.

The U.S. business sector remains on edge over the China trade talks. The U.S.-China Business Council called for the swift removal of tariffs on \$360 billion in trade between the two economic superpowers.

Grassley Draws Hard Line on U.S.-EU Trade

The new Senate Finance chairman said Tuesday that a future trade deal with Europe would need to include agriculture — a dealbreaker for EU nations — to have any shot at congressional approval. Grassley plans to deliver that message to EU Trade Commissioner Cecilia Malmström when they meet today.

"Agriculture has traditionally been one of the key policy areas that pulls trade agreements through the Congress," Grassley said on a conference call with reporters. "This agreement will be no different, from my point of view."

Stabenow Seeks USDA Tally of Shutdown Impact

In a letter Wednesday to Agriculture Secretary Sonny Perdue, the Michigan Democrat sought a full accounting of how the shutdown is affecting farmers and ranchers. Among the concerns Stabenow raised:

- With Farm Service Agency offices shuttered, farmers can't sign up for farm bill programs, apply for loans or have their trade aid applications processed.
- Dairy producers are waiting to see the benefits of dairy safety net policies in the 2018 farm bill, [H.R. 2 \(115\)](#), that were viewed by many as the legislation's biggest improvements.
- Commodity reports are on ice, bringing uncertainty to ag markets and leaving producers somewhat in the dark as they plan for the year.

- Low- and middle-income homebuyers with mortgages guaranteed or made by the Rural Housing Service won't have access to financing.

There's still no resolution in sight. Trump stormed out of a White House meeting with congressional leaders after Speaker Nancy Pelosi said she wouldn't pony up the funds for a U.S.-Mexico border wall no matter when the government reopens.

Ag Labor Bill Coming Next Week

In a bid to overhaul the H-2A visa program, California Democrats Feinstein and Lofgren are planning to introduce companion bills aimed at easing labor shortages on farms across the country.

Lofgren, the new chairwoman of House Judiciary's immigration subcommittee, stayed mum on the details but acknowledged that the forthcoming bill will address a slice of immigration reform instead of taking a comprehensive approach.

"With the president in the White House, I think there's a general consensus that we're not going to get top-to-bottom immigration reform," Lofgren said. "If that turns out to be untrue, I'm game to work on it, but we should do what we might be able to accomplish."

Soybean Sales to EU Soared In 2018

Before Malmström touched down in D.C., the EU was rolling out the soybean stats Monday — effectively boasting about holding up its end of the transatlantic truce reached by Trump and European Commission President Jean-Claude Juncker last summer.

Imports of U.S. soybeans totaled 5.2 million metric tons between July and December, [up 112 percent](#) from the same period in 2017. And the EU expects imports to go even higher after moving to authorize use of U.S. soybeans for biofuels.

Europe is the top destination of American soy, taking 28 percent of U.S. exports, followed by Argentina (10 percent) and Mexico (9 percent). Of course, that's because U.S. sales to China have plummeted amid the trade war, though a small number of sales have resumed since a short-term deal was reached with Beijing in December.

China bought at least 180,000 metric tons of U.S. soybeans on Monday, though one commodity trader said the total was closer to 900,000 metric tons, Reuters [reports](#). USDA has stopped announcing major export sales during the shutdown.

USDA Notes that NASS and OCE-WAOB Reports are Suspended

Due to a lapse in federal funding, work on National Agricultural Statistics Service (NASS) and Office of the Chief Economist – World Agricultural Outlook Board (OCE-WAOB) reports have been suspended since December 22, 2018 and remain suspended. Given the lead time required for the analysis and compilation of *Crop Production*, *Crop Production-Annual*, *World Agricultural Supply and Demand Estimates* (WASDE), *Grain Stocks*, *Rice Stocks*, *Winter Wheat and Canola Seedings*, and *Cotton Ginnings* reports, those reports will not be released on January 11, 2019 as originally scheduled even if funding is restored before that date. The date of all NASS and OCE-WAOB releases will be determined and made public once funding has been restored.

[Source: USDA](#)