

News from Washington: December 16-19

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### **USMCA Finally Hits the House Floor**

After passing a trillion-dollar spending package and impeaching the president, the House's massive week continues with a vote on President Donald Trump's signature trade achievement. If the near-unanimous Ways and Means Committee vote earlier this week was any indication, the new North American trade pact is likely to sail through the House with support from both sides of the aisle.

The ratification vote comes more than a year after Trump announced the deal with Canada and Mexico last October, and it follows months of painstaking negotiations between House Democrats and the administration over changes to drug pricing, enforcement, labor and environmental provisions.

Finalizing USMCA has long been one of the ag industry's highest priorities, considering the huge amount of farm goods U.S. producers ship to Canada and Mexico. Besides locking down those markets, the agreement offers some modest gains for certain sectors like dairy and wheat with changes to Canada's milk pricing and grain grading systems, for example.

### **Pork Sector Has Its Eye on Europe**

Ag groups have scored a series of potential trade wins late this year, from partial trade pacts with China and Japan to progress on USMCA. The pork industry, which was hit especially hard by Trump's tariff fights, is one of the corners of agriculture that stands to benefit from some of those moves.

"We're moving from being whacked because of trade retaliation and a couple really bad years, and now, it's not like things are fabulous for our producer, but it's certainly better now than this time last year," said Nick Giordano, vice president and counsel at the National Pork Producers Council, during a briefing on Wednesday.

**Now with 2020 around the corner**, the sector is looking across the pond for more potential export gains. The Trump administration has said that sealing deals with the EU and U.K. is a top priority for next year. "That's really welcome news to pork producers," Giordano said. "We really ship very little to Europe both because of tariff and non-tariff barriers."

### **Ag Budget, Biofuel Tax Breaks Chugging Along**

[The House voted 297-120 to advance final appropriations](#) for the Agriculture Department, FDA, Interior Department, EPA and many other agencies for the remainder of fiscal 2020. The Senate will clear the legislation before Friday, and Trump is expected to sign it — ending any chance of a government shutdown this fiscal year

The House also passed a deal to renew a package of tax extenders alongside the spending bill, including the credit for biodiesel blenders. Securing the \$15 billion tax break through 2022 was a priority for Sen. Chuck Grassley (R-Iowa), the top tax writer in the Senate, and other Midwestern members [whose states have seen biodiesel plants shut down throughout the year](#).

Biodiesel blenders can retroactively claim the tax credit under the legislation. The bill would also renew through 2020 a 46-cents-per-gallon credit for production of cellulosic biofuels and algae-based fuels, and it would extend a special allowance for biofuel plant property.

## **How China's Ag Purchases Could Add Up to \$40B**

Beijing on Friday affirmed the new partial trade pact with the U.S. — but stopped short of confirming any commitment to buy as much as \$50 billion in American farm goods each year.

A Chinese official said China will ramp up purchases of U.S. farm product “by a notable margin,” but not in quantities that would disrupt its own agricultural economy. Imports of U.S. wheat, corn and rice will stay within the quotas that China has already set.

But U.S. officials offered a clearer outline of future ag purchases. China promised to buy at least \$40 billion in U.S. farm goods per year (with a “goal” of hitting \$50 billion by 2021, according to U.S. Trade Representative Robert Lighthizer). That would represent a \$16 billion increase from the \$24 billion that China imported in 2017.

Lighthizer said Beijing has also agreed to reduce longstanding non-tariff barriers to U.S. ag exports, including trade restrictions on beef, poultry, seafood, dairy, rice, infant formula, animal feed, pet foods, feed additives and a variety of biotechnology products. Farmers have long been frustrated by China's slow approval process for approving biotech crops, which has impeded U.S. exports of certain corn and soybean varieties.

## **Secretary Perdue Applauds USDA's 2019 Accomplishments**

U.S. Secretary of Agriculture Sonny Perdue today applauded the accomplishments made by the U.S. Department of Agriculture (USDA) over the past year. USDA has continued enacting President Trump's goals of regulatory reform, streamlining government, and refocusing USDA to be customer oriented.

“At USDA it is our honor to work on behalf of America's farmers, ranchers, foresters, and producers. This was a tough year with historic weather damage and unjustified trade retaliation. Our goal was to ‘Do Right and Feed Everyone’ by implementing much needed farm bill programs, enacting President Trump's Support Package for Farmers, and continuing to feed and clothe this nation and the world,” said Secretary Perdue. “As we look to 2020, we want to build upon trade accomplishments like the Phase 1 Deal with China, USMCA, and Japan, and open up new markets to help sell the bounty of American agriculture, all while removing the burden of government regulations from the backs of hardworking Americans.”

[More information is available from USDA.](#)

## **Unhappy Times at Ag Agencies**

[The ERS and NIFA relocation has driven down job satisfaction within USDA](#), after the move triggered an exodus of employees and paralyzed parts of the agencies. A ranking of morale at federal agencies published today by the nonprofit Partnership for Public Service shows plummeting “engagement scores” at the two offices, which reflect morale and satisfaction with the agency.

It's not just ERS and NIFA. Other branches of USDA also saw a significant negative shift in employee attitudes, including the Office of Civil Rights; the Foreign Agricultural Service; and the Food Safety Inspection Service. (Other wings of the department scored modest increases in employee enthusiasm.)

“Low morale among these employees is a symptom of a much bigger problem at USDA,” said Rebecca Boehm, an economist with the Union of Concerned Scientists, which opposed the relocation.

Growing dissatisfaction among USDA workers is part of a broader trend under Trump. Three years into his first term, the executive branch is still standing and as large as ever — but much less happy.

### **SENATE AG APPROVES ANIMAL DISEASE CENTER'S MISSION**

The Senate Agriculture Committee advanced legislation guiding the new National Bio and Agro-Defense Facility at Kansas State University, which is on track to be fully operational by the end of 2022.

The center will study infectious animal diseases like African swine fever, develop vaccines and research detection methods. Under the bipartisan bill from Chairman Pat Roberts (R-Kan.) and ranking member Debbie Stabenow (D-Mich.), the facility will share data with the Department of Homeland Security and file reports to Congress every six months on its operations for the first two years.

Congress has devoted tens of millions of dollars to the project, including more than \$50 million in last year's appropriations package and another \$13 million in the new House-passed fiscal 2020 spending package for purchasing equipment. The facility will takeover science operations from the Plum Island Animal Disease Center off the coast of Long Island, which officials say isn't equipped to meet the research needs for fighting new threats from foreign animal diseases.

### **Get Those Hemp Comments In**

The Agriculture Department extended the deadline for public comment on its proposed hemp regulations from Dec. 30 to Jan. 29, meaning implementation of the new rules could be delayed. That's potentially a problem for aspiring hemp growers getting set for the 2020 planting season.

More than 1,000 comments have been submitted already — and the bulk of the input is likely to come in just before the deadline. USDA's plans cover everything from THC testing to hemp data maintenance.

### **LOW-CARB ADVOCATES LAUNCH NEW BID TO SWAY FEDERAL DIET ADVICE**

The [Low-Carb Action Network](#) — launched on Wednesday by a small group of doctors, researchers and consumers who encourage Americans to cut back on bread, pasta and other carbohydrates — is aiming to influence federal nutrition advice being updated in 2020. The group said scientific research shows the diet can help prevent diseases, particularly Type 2 diabetes, and should be included in the Dietary Guidelines for Americans.

The network does not receive funding from industry and plans to set up a donation page on its website to raise money, a spokesperson said. It is “rapidly recruiting from the low-carb diet influencers and the thousands of people with success stories.”

USDA and HHS update the guidelines every five years based on a scientific report from an independent 20-member advisory committee, which shapes federal nutrition programs like school meals. The committee last year signaled it would review low-carb (and high-fat) diets, a move welcomed by a disparate group of nutrition experts, Atkins and keto followers, and the livestock sector.

The research on low-carb diets that the advisory committee includes in its review is a top concern among the leaders of the Low-Carb Action Network. Diets limiting carbs to 25 percent of calories each day have shown the most promise for weight loss and helping to reverse and

prevent diseases, said Charles Cavo, chief medical officer at Pounds Transformation, which focuses on personalized nutrition, and a network member.

A USDA spokesperson said the advisory committee plans to “cast a wide net.” The National Academies of Sciences, Engineering and Medicine establishes nutrient recommendations, and for carbohydrates set an acceptable range of between 45 to 65 percent of daily calories. The advisory committee plans to “systematically review science on dietary patterns” that fall outside of those ranges, the spokesperson said.

Some nutrition experts warn that the research on low-carb diets is new and the long-term health impacts are unclear. The American Diabetes Association earlier this year published a [“consensus report”](#) stating that low- and very-low carb diets have been shown to reduce the need for diabetes medication.

### **EPA Sued Over Slaughterhouse Pollution**

Green groups including Environment America, Food & Water Watch and the Center for Biological Diversity [filed the lawsuit](#) in a U.S. Court of Appeals in Richmond, Va., challenging the agency’s Oct. 24 decision not to revise federal pollution standards for slaughterhouses that dump wastewater directly into U.S. waterways.

Under federal clean water laws, the EPA is supposed to review its slaughterhouse water pollution standards every year to determine whether updates are needed to reflect newer technology or methods for controlling pollution.

But the agency last updated the standards 15 years ago, and more than a third of slaughterhouses that discharge waste directly into rivers and bays are still operating under guidelines from the mid-1970s, according to the environmental coalition.

The Environmental Integrity Project last year released a report claiming that 75 percent of those plants [had exceeded legal dumping limits](#) but faced little or no enforcement. Wastewater from meatpacking plants can be tainted by blood, oil and grease and carry pathogens, nitrogen or phosphorus pollutants, the groups said. [Read their statement here.](#)

The Agriculture Department is facing a separate lawsuit over its [new rule to overhaul pork slaughterhouse inspections](#). A group of environmental and animal welfare groups filed the challenge in a U.S. District Court in New York on the grounds that USDA’s actions violate procedural guidelines as well as federal laws governing meat inspections and humane slaughter methods.

### **2020 Democrats Avoid Talking Trade In Iowa**

The Democrats running to take on President Donald Trump in 2020 have been quiet on trade, even in the critical primary state where the administration’s tariff fights have hit the ag industry hard.

The primary candidates have offered the occasional criticism of Trump’s tactics or shoutout to farmers facing the brunt of Chinese retaliation, but the issue isn’t a serious part of their messaging.

It’s a stark contrast from Trump, who has made overhauling U.S. trade policy one of the centerpoints of his presidency, as well as Iowa Democrats in Congress who have homed in on ag and trade issues critical to their constituents.

Democratic leaders in the state see it as a big missed opportunity by their presidential hopefuls. “I think trade is the area to show you care about what’s hurting rural voters. But now with the caucus less than two months away, you could say the cake is already in the oven,” said Sean Bagniewski, chair of the Polk County Democrats. “It’s a little too late.”

### **Booker’s Plan to Overhaul the Meat Industry**

The New Jersey senator’s new legislation would ban new industrial-scale livestock farms, known as CAFOs, and require existing ones to close by January 2040. The bill also aims to strengthen the Packers and Stockyards Act of 1921, which is intended to keep meat and poultry markets competitive, although the federal offices enforcing that law have been criticized for being too lax while the market consolidated into the so-called Big Four (Tyson, JBS, Cargill and National Beef).

The new bill uses the [EPA’s definition](#) of a large concentrated animal feeding operation, which includes farms with at least 700 dairy cows, 2,500 hogs, 1,000 cattle and 125,000 broiler chickens. Up to \$100 billion over a decade would be set aside for voluntary buyouts to owners who want to transition to other types of agriculture, or to help pay off any outstanding debt.

An end to large CAFOs is controversial, and a long shot, but bolstering antitrust enforcement will appeal to an increasingly vocal number of cattle ranchers calling for a system reboot. A Twitter campaign, launched in September under [#faircattlemarkets](#), has garnered thousands of tweets about how they’re struggling to break even while large meatpackers are hauling in profits. These producers also want mandatory country-of-origin labeling to be reinstated for beef — something Booker’s bill would do.

Booker, who is vegan, said he’s not interested in telling Americans what to eat. The senator has routinely proposed sweeping changes to the U.S. food system and made the ideas a key part of his 2020 platform.

His other plans include blocking mergers and acquisitions in the food and agriculture industry and pouring \$100 billion into USDA conservation programs that pay farmers to adopt climate-friendly practices. A lot of 2020 Democrats [have similar proposals](#).