

News from Washington: February 26-March 2

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Ag Fears Reprisals After Trump Pledges Tariffs on Steel, Aluminum

President Donald Trump's unexpected pronouncement that he would soon authorize tariffs of 25 percent on steel imports and 10 percent on aluminum increased the already-high level of nervousness among the U.S. agriculture industry about becoming the target of countries' retaliatory trade measures. Canada and the European Union have said they will consider such actions, and China was already investigating whether to limit imports of U.S. sorghum in the wake of Trump's decision to impose import restrictions on solar panels and washing machines.

"We have repeatedly warned that the risks of retaliation and the precedent set by such a policy have serious potential consequences for agriculture," U.S. Wheat Associates and the National Association of Wheat Growers said in a joint statement. "It is dismaying that the voices of farmers and many other industries were ignored in favor of an industry that is already among the most protected in the country."

The United States sends about \$14 billion worth of soybeans to China each year. Any hit to that demand could make what is already a difficult financial situation for U.S. farmers even worse, especially after several years of low commodity prices, said American Soybean Association spokesman Patrick Delaney. "It's unfortunate that we have to pay the price when the administration prioritizes another industry over agriculture," he told Pro Ag's Catherine Boudreau.

The decision caught senior lawmakers off guard too, including Senate Agriculture Chairman Pat Roberts. He said on Thursday that the tariffs would be "terribly counterproductive for the agricultural economy."

Agriculture Secretary Sonny Perdue told House lawmakers in February that he was urging the administration to be careful not to create an "action-reaction" situation with trading partners, in part because U.S. farm exports are the "tip of the spear when it comes to retaliatory measures."

A USDA spokesperson declined to comment on whether Perdue has had conversations with the president about his decision on Thursday. The spokesperson added in an email that some countries don't play by the rules, and it is the president's job to protect U.S. interests.

"Our U.S. farmers and producers are the best in the world, with products in markets globally. Unfortunately, that makes them potentially vulnerable to retaliation. American farmers are feeding this nation and the world and the Trump administration will continue to promote and protect their interests," the spokesperson said.

Secretary Perdue Statement on Confirmation of Bill Northey for Key USDA Post

U.S. Secretary of Agriculture Sonny Perdue today applauded the Senate's long-awaited confirmation of Bill Northey to the U.S. Department of Agriculture (USDA). Northey will serve as Under Secretary for Farm and Foreign Agricultural Service (FFAS)*.

Perdue issued the following statement:

"I applaud Bill Northey's patience over these many months, which demonstrates what a strong leader he will be at USDA. We thank everyone who worked on his confirmation. Bill will come aboard at a crucial time, as his knowledge and expertise will be immediately put to use as the

new Farm Bill is formulated to address the needs of American farmers. In addition, his leadership will be key in the newly-constituted mission area, where the Farm Service Agency, the Natural Resources Conservation Service, and the Risk Management Agency will be providing an even better customer experience. I am excited to finally have Bill on board.”

*NOTE: As part of a reorganization of USDA, Secretary Perdue has created, the President appointed, and the Senate confirmed a new Under Secretary for Trade and Foreign Agricultural Affairs, as directed by the 2014 Farm Bill. The creation of the new mission area prompted the realignment of several agencies under a newly-named Under Secretary for Farm Production and Conservation (FPAC), the position for which Northey is intended. FPAC will encompass the USDA’s domestic-facing agencies: the Farm Service Agency, the Natural Resources Conservation Service, and the Risk Management Agency.

[Source: USDA](#)

FDA Rolls Ahead with Nutrition Facts Update

The FDA on Thursday released policy documents full of nitty-gritty details that help keep on track the sweeping update to the Nutrition Facts labels on billions of food packages.

Chief among the changes include: allowing honey, maple syrup and cranberry product producers to add explanations to their labels about added sugars; giving the food industry more guidance on what counts as fiber on the labels; and issuing final guidance on serving sizes for a number of products.

"All of these guidances are reflective of the feedback we heard about the desire for more information on these important topics," FDA Commissioner Scott Gottlieb said in a statement.

FDA campaign is coming: Gottlieb also had more details about the consumer-education campaign that POLITICO previously reported was in the works. The agency is planning to spend \$3 million on that initiative.

It will help consumers "discern the relationship between the dietary choices they make every day and the impact those choices can have on their own and their family's health in reducing the risk of chronic diseases like obesity, diabetes, heart disease and a variety of cancers," the agency said. The campaign will happen as the labels become "fully implemented" in the marketplace.

Roberts on ‘Disposing’ Of Trump’s Crop Insurance Cuts

Senate Agriculture Chairman Pat Roberts said Tuesday that he wasn’t surprised that President Donald Trump’s fiscal 2019 budget fully backed cuts to crop insurance by proposing subsidy limits and means testing. Still, he didn’t like that the cuts were included, especially after Trump backed crop insurance when he spoke at the American Farm Bureau Federation’s meeting in Nashville in January.

“There’s already been an OMB effort with regards to crop insurance in the president’s budget where [President Trump] said he would not do anything to cut crop insurance and then turned around and did,” Roberts told reporters Tuesday after speaking at the National Anti-Hunger Conference. “I hope he’s not Lizzie Borden and gonna give us another whack.”

Trashing the budget: The Kansas Republican said he wasn't surprised to see cuts proposed (it's become common in presidential budgets). The idea is predictably headed for the trash in Congress, Helena writes.

"I think I may have got a little crossways with the budget director with regards to crop insurance," Roberts said Tuesday. "I don't think the president probably even saw that he cut crop insurance since he went to Nashville and said he was going to protect it. But that doesn't even matter because the president's proposal as you've heard everybody say, when it's proposed, it's proposed. We dispose of it."

Farm bill on the 'sooner' track: Roberts is still not being specific on the timing of the Senate version of the farm bill.

"Sooner than later," he told reporters Tuesday. "Sooner hasn't left town yet. We're going to try to work as expeditiously as possible. We have to get it right."

Perdue Defines His Role in RFS Fight

Agriculture Secretary Sonny Perdue on Wednesday pledged his "unequivocal" support for the Renewable Fuel Standard before a crowd of thousands of corn growers, other row-crop farmers and agribusiness leaders. His forceful speech was aimed at setting the record straight on his role in the White House's ongoing attempts to broker a compromise in a dispute involving the biofuels industry and oil refiners — and the Republican senators who represent their interests in Washington.

"Hear me clearly, all of you. I will not, I have not and will not support any policies in this country that diminish the demand [for biofuels], undermine the RFS and are harmful to our agricultural producers," Perdue said at the Commodity Classic convention and trade show in Anaheim, Calif.

Perdue's stance on the RFS had been called into question ahead of a Tuesday meeting at the White House by Iowa Sen. Chuck Grassley and ethanol and corn industry officials, particularly after the secretary said publicly in December that he thought there was a "win-win" for both parties -- a phrase frequently bandied by RFS critics.

White House Holds Meetings to Discuss RFS

This week, President Donald Trump held three meetings to discuss the RFS. During the week, EPA Administrator Scott Pruitt and Agriculture Secretary Sonny Perdue met with President Trump to present a package of changes to the Renewable Fuel Standard aimed at ending tensions between corn farmers and oil refining firms over the program.

The two officials will have proposed: capping the price of biofuel credits (called Renewable Identification Numbers); a year-round waiver for the sale of 15 percent ethanol gasoline; the creation of credits for exported ethanol; and a transparency measure intended to cut Wall Street investors out of trading in the program. All of the proposals would be executed administratively, rather than legislatively.

On Tuesday, Trump met with Sens. Chuck Grassley (R-Iowa), Joni Ernst (R-Iowa), Ted Cruz (R-Texas), and Pat Toomey (R-Penn.). Cruz has been proposing the waiver-for-RIN-cap package for months now and getting nowhere with corn-state lawmakers. The addition of allowing credits for exports, which Pruitt floated and abandoned last year after an uproar from

Gang Grain, seems unlikely to add to its appeal, although ethanol producers have expressed openness to the transparency measure.

A refinery source told Eric that the legal authority for some of these measures would be "highly doubtful, but by the time the rule is final and then litigated, authors will be long gone from the scene. Think at least 2-2.5 years. God only knows what gyrations the market will endure in the interim."

The third meeting brought in agriculture, ethanol and oil industry players. Among the attendees expected were Deputy Agriculture Secretary Steve Censky and Jeff Broin, CEO of ethanol producing giant POET.

Sooner or later? Oklahoma Sen. Jim Inhofe thinks there's a deal to be made on the Renewable Fuel Standard this year, but he doesn't believe it will come from the ongoing negotiations led by Sen. Ted Cruz.

"You're overlooking the bigger player," he said, adding that he was referring to Senate Majority Whip John Cornyn. "We have talked about compromises that might be acceptable to both sides."

Grassley and other ethanol backers have been resistant to tweaking the program until 2022.

NAFTA Ag Chapter Inches Toward Finish Line

So far, there are no serious roadblocks in negotiations on the agriculture chapter in NAFTA. Talks are moving forward "slowly but consistently," a top Mexican official told Politico. While the official said there is too much left to discuss to wrap up talks in Mexico City this week, negotiators might be able to complete the chapter in the next round.

Canada and the United States remain at odds over issues surrounding dairy and Canada's supply management system. There's also the possibility that negotiators would want to keep the Agriculture chapter open until the very end in order to preserve leverage -- meaning any country could offer to loosen one of their ag demands in exchange for something in return on another topic.

USDA Chief Economist on Future of Disaster Aid

An oft-repeated line from proponents of the crop insurance program is that it prevents Congress from having to pass aid packages for farmers and ranchers after each natural disaster. But after a series of hurricanes and wildfires from California to Puerto Rico, Congress has authorized more than a \$100 billion in relief spending, a portion of which was for the agriculture industry.

The USDA chief economist Robert Johansson told POLITICO that the fact that they hit areas of the country where produce and nuts are grown -- which aren't as widely covered by insurance as traditional commodities are -- helped lead Congress to step in.

"A lot of producers only had catastrophic coverage," Johansson said during an interview on Friday at the USDA Agricultural Outlook Forum. "And even though they had CAT coverage, you need to have enormous devastation for indemnities to kick. So even with 30 to 40 percent losses, producers wouldn't get indemnities."

What farmers are expected to do: Johansson, who is also serving as acting deputy undersecretary of farm production and conservation, said that Congress, as part of the most

recent disaster aid package, will require farmers who receive a payment to apply for some sort of insurance coverage for the next two years. That will be difficult to monitor, Johansson acknowledged, but it will be overseen by the USDA Farm Service Agency and Risk Management Agency.

“Hopefully it will develop some measure of comfort with using insurance products,” Johansson said. The department is continually working to bring premiums down so more specialty crop growers sign up, such as by gathering more data to better determine actual risk, he added.

Situation among Florida citrus growers: Citrus greening disease has ravaged through the Florida citrus industry for a decade, reducing yields of oranges, grapefruits and other products. That has made it difficult for farmers to make ends meet, he said. Because farmers are looking for ways to reduce their cost of production, many have cut down their levels of crop insurance coverage in order to reduce premium costs. The Florida citrus industry was among the most vocal in lobbying Congress for help.

Crop insurance during 2012 drought: Johansson pointed out that after a historic drought in 2012 Congress didn't have pass an ad hoc disaster law because crop insurance was able to cover the damage. That was “a pretty significant event,” he said. He noted that the drought mostly affected row crop production across the South, the Plains and the Midwest, which can have upward of 80 percent coverage.

Court Win for Monsanto

A federal judge has handed a legal victory to Monsanto by ordering a preliminary injunction to a California requirement that the company place cancer risk warning labels on its Roundup products. The judge wrote there was “insufficient evidence” that the active ingredient in the popular weed killer causes cancer.

As a result of the ruling, Monsanto can go forward with its suit citing free speech issues. However, the judge did allow California to continue listing glyphosate as a chemical known to cause cancer in its health and safety codes because Monsanto failed to show “irreparable harm.”

Monsanto's case seen as having merits: The ruling bodes well for Monsanto's broader attempt to permanently keep California regulators from requiring the warning labels (the judge's ruling is a temporary stop until a full trial on the merits). The order “is a strong indication that they will prevail and obtain a permanent injunction on the warning requirement,” said Stewart Fried, an attorney at Olsson Frank Weeda Terman Matz.

USDA Shakes Up Dietary Guidelines Process

On Monday, USDA formally kicked off the discussion for 2020 (which is already behind schedule) by switching up the process a bit: The agency is outlining the topics ahead of time and opening them up for comment immediately.

The Dietary Guidelines, updated every five years, set nutrition policy for the federal government, including billions of dollars in nutrition programs.

An outside panel of experts, known as the Dietary Guidelines Advisory Committee, is usually assembled before topics and questions are set, but this time around, the order will be reversed. The administration has named its own topics and questions before seeking nominations for the panel.

The shakeup comes after a bitter battle over the last update, which included high-profile battles over sustainability and meat recommendations. After the fallout from the last go-around, the National Academies of Sciences, Engineering and Medicine reviewed the process and made recommendations for how to make it more "trustworthy."

Administration officials said they were making the change to improve transparency and engage the public earlier in the process. It remains to be seen how the change-up will be received by public health advocates, especially because it's not clear how selecting the topics ahead of time will ultimately affect the outcome, if at all.

The Sentiment Behind the Jeers on SNAP Concept

The hostility among some 1,200 anti-hunger advocates was palpable on Monday as Brandon Lipps, the USDA's top nutrition official, started discussing the department's "America's Harvest Box" concept. Boos and mocking laughter erupted. At least 20 people walked out in protest during the National Anti-Hunger Policy Conference in Washington.

Those expressions demonstrate how motivated anti-hunger advocates — including food bank officials, community organizers and nutrition policy experts — are to fight back against the Trump administration's attempts to trim the social safety net.

Lipps, who serves as both administrator of USDA's Food and Nutrition Service and as acting deputy undersecretary of food, nutrition and consumer services, calmly welcomed the feedback, however expressed. "Your boos are welcome, but so are your good ideas," Lipps said. "Please talk to us. All new ideas require dialogue."

Rep. Jim McGovern (D-Mass.) was received by loud applause and a standing ovation as he lambasted Republicans for trying to pay for their priorities on the backs of low-income Americans.

He encouraged the audience to oppose the House version of the next farm bill -- which he has yet to see -- if it includes large cuts to the Supplemental Nutrition Assistance Program and other feeding programs. House Agriculture Chairman Mike Conaway has said he intends to unveil the legislation in the coming weeks.

"We'll be in a position to write a better farm bill after November," McGovern said, suggesting that Democrats may be able to take control of the House after the midterm elections.