

News from Washington: April 23-29

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

### **NAFTA 2.0 Crunch Time Has Arrived**

The U.S., Mexico and Canada could soon have a successfully renegotiated NAFTA, Mexican Foreign Minister Luis Videgaray signaled on Thursday night. At the conclusion of a trilateral meeting between the NAFTA nations' top trade leaders, Videgaray said a NAFTA 2.0 deal is "certainly possible" in the coming days. Negotiators have been meeting consistently in Washington, D.C., over the last month, as the pressure has built for them to produce a breakthrough agreement by early May, which would likely give the Trump administration just enough time to get it through Congress this year.

"We're working on it. But we're more concerned with having a good agreement than a quick agreement," Videgaray said. "I think we are reasonably close."

Canadian Foreign Minister Chrystia Freeland was also optimistic on Thursday night, emphasizing that there has been "good progress this week." Mexican Economy Minister Ildefonso Guajardo, who has led Mexico's efforts since the renegotiation launched in August 2017, offered a more muted take on where things stand.

"There is always progress. The point is if it's enough progress to be really in the point you want to be — at the point where you can say, 'Well, we finished,'" he said. "We are still in the process and we'll keep on moving in the right direction."

Ministerial-level meetings in recent weeks have almost exclusively focused on rules governing auto manufacturing in the region, an issue that Freeland has said is "at the heart of the negotiation" for all three countries.

### **Conaway's Farm Bill Amendment Plan**

House Agriculture Chairman Mike Conaway on Thursday expressed confidence that he can get a farm bill passed in the House during the week of May 14, and offered a window into how he plans to thwart so-called poison pill amendments that could sink the legislation. The Texas Republican, during an interview on the radio show "Adams on Agriculture," said he expects a debate rule that would allow only lawmakers who plan to vote for the bill, H.R. 2 (115), to offer amendments.

"If you're going to be a 'no' on final, and it sounds like [ranking member Collin] Peterson's already made his mind up, then ... he's probably not getting an amendment through the rules just to make things worse, put a poison pill amendment in," Conaway said.

Asked if there is a possibility that a farm bill that is conferenced between the House and Senate won't include reforms to the Supplemental Nutrition Assistance Program, Conaway replied no: There will be some changes to the food stamp program, he said, but acknowledged that they may not go as far as what was proposed in the House measure.

"I'm going to get this bill across the House floor because it is just good policy. We didn't come at this and try to cut spending ... We came at it the right way, with the right heart. We're trying to help people get off these programs, get their lives back under their own control, and who's against that?" he said.

Conaway met with AARP on Wednesday in an effort to build support for the bill's proposed changes to SNAP, which include stricter work requirements for between 5 million and 7 million Americans, tightened eligibility standards, and a significant investment to expand education and training programs. "They came out of that meeting scratching their heads as to why they were so vehemently against the bill when they found out that we don't hurt seniors in our proposal," Conaway said, adding: "They've had second thoughts as they understood what we're actually doing and that they were misled."

Joyce Rogers, AARP's senior vice president of government affairs, told MA that the organization continues to have "deep concerns about the negative impacts that the proposed changes to SNAP would have" on its 43 million recipients. AARP strongly opposes expanding work requirements, Rogers said, particularly for people ages 50 to 59 who often take longer to secure employment.

Conaway also said during the interview that the Center on Budget and Policy Priorities, a liberal think tank, is opposed to the nutrition title because it "goes after their cash cow." His point was that the organization helps California and Illinois gain approval from USDA to waive time limits on SNAP benefits for able-bodied adults without dependents who aren't working. States can request to temporarily waive that time limit when unemployment is high or when there are not enough jobs available. Currently, 36 states have waivers in place either statewide or in certain areas.

CBPP President Bob Greenstein refuted Conaway's accusations in a statement to MA. He said the organization provides technical assistance to both Democrat- and Republican-led states at their request to determine which areas are eligible for time-limit waivers.

"The Center does not accept a single dollar from any government for this or any other work. We've been critical of Chairman Conaway's SNAP proposals because we believe they are unsound and would increase hunger and hardship. The public deserves a robust debate on these issues without policymakers hurling scurrilous claims against those who have an honest disagreement with them," Greenstein said.

### **U.S. Beef Could Expand in EU to Avoid Trade War**

The European Union is preparing to allow in more tariff-free U.S. beef in an attempt to avoid a full-blown trade war. This move comes in tandem with high-level diplomatic missions from French President Emmanuel Macron and German Chancellor Angela Merkel to Washington this week, as both leaders try to dissuade President Donald Trump from slapping tariffs on Europe's steel and aluminum producers on May 1.

An EU concession on beef could go a long way toward appeasing Trump, who has made clear that Europe has "unacceptable" barriers to trade. "Our farmers can't send their product into the European Union as easily as they should. And we accept their products. So we have to make a change, and they understand that," Trump said during Macron's visit on Tuesday.

Efforts to open up Brussels to more U.S. beef predate Trump's threat of steel and aluminum tariffs, but a senior EU official said that the prospect of an agricultural offer to Trump was "a very convenient coincidence of events."

EU would have to alter a 2009 agreement, under which Brussels allowed the U.S. to export an annual quota of about 45,000 tons of hormone-free beef without paying duties. America's share

of the EU beef market fell from 98.8 percent in 2009 to only 32.6 percent in 2016, according to the U.S. Meat Export Federation.

European ag groups don't mind: European agriculture associations – usually no fans of talks on beef – are largely supportive of tweaking the quota. Europe's farm lobbies don't mind tipping the balance as long as the overall quota stays at its current level, and hormone-reared beef remains banned.

### **Perdue Ok's Transfer of Non-Infectious Animal Virus**

A non-infectious version of the Foot and Mouth Disease virus can now be brought from the Plum Island Animal Disease Center, off the coast of New York, to the U.S. mainland for further vaccine development, the USDA Animal and Plant Health Inspection Service announced Thursday. Agriculture Secretary Sonny Perdue authorized transfer of the virus, which has been genetically modified so it presents no risk of being transmitted to livestock. The added protection allows FMD vaccine development to take place within the U.S. instead of overseas, so USDA can source things more quickly in the event of an outbreak, the department said.

"With this announcement, vaccine companies may now apply for USDA permits to continue their work with this specific modified, non-infectious FMD virus in the United States," APHIS said. "All permits granted would include appropriate biocontainment and use restrictions, and may be revoked if warranted."

### **Chinese Hunger for Ag Investments**

A new USDA study describes how China has aggressively ramped up its overseas investments in the agriculture and agribusiness sector but concludes that the effect on U.S. producers has largely been exaggerated.

"Apart from the large 2013 acquisition of Smithfield Foods, relatively little Chinese investment has targeted U.S. agriculture. Statistics for 2014 show that North America received only 2 percent of China's farming, forestry, and fishing investment, the smallest share of any continent," the report from the department's Economic Research Service states.

Still, it concedes there is a coordinated strategy by the Chinese government to be a part of each link of the agricultural supply chain for commodities it imports in order to earn profits and gain influence over prices.

China's ag policies in the spotlight: The U.S.-China Economic and Security Review Commission will explore this very topic during a hearing on Thursday. The commission will include testimony from one of the report's authors, USDA senior economist Fred Gale.

### **Senators Plan Marker Bills**

Sen. Heidi Heitkamp (D-N.D.), a member of the Agriculture Committee, plans to introduce a bill with Sen. Susan Collins (R-Maine) that would incrementally increase funding for the Beginning Farmer and Rancher Development program to \$50 million by fiscal 2023 and each year thereafter (the 2014 farm bill authorized \$20 million annually).

The program is administered by the USDA National Institute of Food and Agriculture. It awards competitive grants to universities, state agricultural extension services and community organizations for training and apprenticeship programs. The bill would prioritize areas of the program that link current producers who are looking to transition their operation to a new or beginning farmer.

“With the number of new farmers and ranchers falling – and our current population of farmers aging – this bill would take important steps to maintain North Dakota’s strong tradition of family farming and help new farmers and ranchers launch successful careers,” Heitkamp said in a statement, noting that the share of farmers age 65 and older increased from 14 percent to more than 31 percent between 1945 and 2012.

The bill also would change the definition of a beginning farmer and rancher under the crop insurance program to those working less than 10 years, as opposed to five. It would also direct state USDA offices to designate an employee to reach out to such producers.

Thune eyes changes to ARC to boost corn, soybean, wheat subsidies: Sen. John Thune (R-S.D.), who sits on the agriculture panel with Heitkamp, introduced legislation Wednesday to increase payments to farmers enrolled in the commodity support program Agriculture Risk Coverage by changing its formula, Catherine writes.

ARC issues payments to producers when the average crop revenue in their county drops below a guaranteed level. The current level is set at 86 percent. Under Thune’s bill, the revenue guarantee would increase to 90 percent. And using a 10-year average to set the floor would lead to larger payments to farmers.

Another provision could reduce payments to some growers enrolled in another commodity support program, Price Loss Coverage, by making adjustments to reference prices set by Congress in the farm bill. PLC pays subsidies when average crop prices drop below those reference levels. Crops like cotton, peanuts and rice, primarily grown in Southern states, would likely get lower payments under such a policy.

### **Missing Farm Bill Energy Title**

Since 2002, the farm bill has contained a separate title dedicated to promoting the production and use of biofuels, including corn-based ethanol. The version (H.R. 2) approved out of the House Agriculture Committee last week, however, lacks such title — as several Democrats pointed out during the markup — and programs previously found there were shifted over to the rural development section. This is primarily because most of the energy programs are implemented by the USDA rural development mission areas, committee spokeswoman Rachel Millard told MA.

While the elimination of the energy title may not be a source of controversy, a potential flashpoint might be the impact on funding for energy programs. The House farm bill would not authorize any mandatory funding for them, instead setting discretionary caps that let congressional appropriators decide each year how much to spend.

Under current law, for example, the Rural Energy for America Program, which finances renewable energy systems and energy efficiency improvements, gets \$50 million a year in mandatory money, plus an additional \$20 million in discretionary funding. Under the House farm bill, REAP would be allowed only up to \$45 million annually through the annual appropriations process. REAP provides assistance via a combination of grants and guaranteed loans.

In total, the 2014 farm bill authorized nearly \$700 million in new mandatory spending on biofuel initiatives over five years, paying farmers to produce advanced biofuels and develop new renewable energy technologies. That money has been their main source of support because

appropriators largely haven't provided discretionary funds, according to a 2017 report by the Congressional Research Service.

Millard told MA that House farm bill proposals typically haven't included mandatory funding for energy programs, and also noted that over the past few years, lawmakers have used a budget tool known as CHIMPs — or changes in mandatory programs — to strip away much of that money. CHIMPs essentially allows appropriators to dip into mandatory spending to offset bumps in discretionary spending.

Organizations like the American Energy Coalition and Environmental Law & Policy Center have called on Congress to reinstate mandatory spending for REAP and other energy programs because the appropriations process has become unreliable as lawmakers jump from one temporary spending fix to the next.

### **USDA Rural Development Innovation Center Launches Interactive Webpage to Share Best Practices for Rural Economic Development**

Assistant to the Secretary for Rural Development Anne Hazlett unveiled a new interactive [webpage to identify best practices for building rural prosperity](#).

"Rural communities need forward-thinking strategies to build strong, resilient futures," Hazlett said. "USDA's Rural Development Innovation Center is focused on identifying unique opportunities, pioneering new, creative solutions to tough challenges, and making Rural Development's programs easier to understand, use and access."

The webpage highlights effective strategies that have been used to create jobs, build infrastructure, strengthen partnerships and promote economic development in rural America. An interactive feature allows webpage visitors to submit comments on ways USDA can improve Rural Development program delivery. Innovation Center staff will review these recommendations and direct customers to resources, services and expertise that will help their communities create transformative solutions to complex rural challenges.

The webpage also highlights USDA resources that can be used for investments in infrastructure and innovation. These resources include USDA's [Distance Learning & Telemedicine Grant Program](#), [Community Connect Grant Program](#), and [Community Facilities Programs](#). Secretary Perdue established the Rural Development Innovation Center to streamline, modernize and strengthen the delivery of Rural Development programs. To do this, the Innovation Center is focused on improving customer service to rural communities and increasing rural prosperity through strategic partnerships and capacity-building, data analytics and evaluation, and regulatory reform.

In April 2017, President Donald J. Trump established the Interagency Task Force on Agriculture and Rural Prosperity to identify legislative, regulatory and policy changes that could promote agriculture and prosperity in rural communities. In January 2018, Secretary Perdue presented the Task Force's findings to President Trump, which included 31 recommendations to align the federal government with state, local and tribal governments to take advantage of opportunities that exist in rural America.

To view the report in its entirety, please view the [Report to the President of the United States from the Task Force on Agriculture and Rural Prosperity](#) (PDF, 5.4 MB). In addition, to view the categories of the recommendations, please view the [Rural Prosperity infographic](#) (PDF, 190 KB).

USDA Rural Development provides loans and grants to help expand economic opportunities and create jobs in rural areas. This assistance supports infrastructure improvements; business development; housing; community services such as schools, public safety and health care; and high-speed internet access in rural areas. For more information, visit [www.rd.usda.gov](http://www.rd.usda.gov).

[Source: USDA](#)

### **Biofuels Detente Stalled**

Despite efforts by President Donald Trump to settle a long-running dispute between ethanol backers and the refining industry, progress on a biofuels deal has stalled. Instead, the administration has taken a piecemeal approach to the policy, pushing for an expanded market for higher blends of ethanol, while handing out exemptions to the Renewable Fuels Standard to small refiners.

Trump, for his part, has huddled multiple times with members of his Cabinet, industry and lawmakers from both corn belt and oil states. But so far, there's been little progress in striking a grand deal.

Trump has promised to allow year-round sales of 15 percent ethanol blends of gasoline, while Pruitt has so far granted more than two dozen temporary waivers to small refineries that exempt them from the mandate requiring them to blend ethanol with gasoline.

"After 18 months of pursuing various regulatory forms of relief and a handful of Oval Office confabs, the merchant refiners ended up with [an increase in E15] taking even more market share away from them in return for some small refiner hardship waivers — and some of them did not even get that," one oil refining source said.

And Pruitt's controversies stemming his first-class flights, security spending and condo rental from a lobbyist, have left the EPA chief unable to make an aggressive case for instituting price caps many refiners want on the biofuel credits, according to an administration source.

### **N.C. Residents Win Big Money from Smithfield**

A federal jury on Thursday handed a verdict worth more than \$50 million to ten North Carolina plaintiffs who live near a hog farm contracted by Smithfield. They had charged that the industrial-scale operation tarnished their quality of life by exposing them to putrid manure smells, buzzards, swarms of flies and a steady stream of trucks laden with dead animals. The verdict could expose Smithfield to millions more in payouts related to other pending cases and also has the potential to force changes to how industrial farms operate. That could also have economic ramifications in North Carolina, where hog farming is a pillar of the state economy and total output ranks second only to Iowa, the pork-producing capital of the country.

Each of the plaintiffs was awarded \$75,000 in compensatory damages and \$5 million in punitive damages. But North Carolina statute says punitive damages must be limited to three times the amount of compensatory damages, which would shake out to \$225,000 per person.

Smithfield has vowed to appeal the decision to the U.S. Court of Appeals for the Fourth Circuit. It took the jury two days to reach its decision after hearing three weeks of testimony. The trial was the first of several dozen cases: About 500 residents sued Murphy-Brown, a subsidiary of Smithfield, in 2014 for what they say was the company's refusal to invest in an alternative waste-disposal method that costs more but would have minimized odors emanating from Kinlaw

Farm. The proceedings were seen as a bellwether for the remaining cases, which are scheduled to be heard throughout the rest of the year.

Smithfield has already indicated how it might make its case to the appellate court, saying it believes the verdict would have been different if the judge had allowed the jury to visit the farm and hear testimony from an expert about odor testing. Another possible argument is for Murphy-Brown to contend that it didn't have sufficient control over the operators of Kinlaw Farm, who were not named as defendants, to be held liable for damages, said Clayton Bailey, an attorney in Texas who was not involved with the case but has experience representing agricultural companies.

There may be an uptick in related nuisance cases because of this verdict, Bailey said. "Somebody will look at this and say: 'These folks won, let's see how they did it,' and they'll try to piggyback and bring one somewhere else," he said. "It could be against Smithfield; it could be against someone else; it could be in a different industry — it could be in the cattle industry."

### **Chairman Roberts Announces Senate Confirmation of Ken Barbic**

U.S. Senator Pat Roberts, R-Kan., Chairman of the U.S. Senate Committee on Agriculture, Nutrition, and Forestry, is pleased to announce that Ken Barbic was approved by the U.S. Senate.

Upon swearing in, Ken Barbic, of Washington, D.C., will serve as Assistant Secretary for Congressional Relations within the U.S. Department of Agriculture (USDA).

"Secretary Perdue is one step closer to a full team at the Agriculture Department," Roberts said. "I'm pleased the Senate quickly confirmed Mr. Barbic in a bipartisan manner. Mr. Barbic has a strong understanding of agriculture, and we look forward to working with him."

[Source: U.S. Senate Committee on Ag, Nutrition & Forestry](#)

### **Secretary Perdue Commemorates First Year at USDA**

U.S. Secretary of Agriculture Sonny Perdue commemorated his first year at the U.S. Department of Agriculture (USDA) by releasing a new [interactive website](#) and [USDA Secretary Sonny Perdue: Year One video](#). In his first year, Secretary Perdue and the USDA team made breakthroughs in agricultural trade, moved to reduce burdensome regulations, responded to natural disasters, and battled through the worst fire season on record, among other notable achievements. The website and video capture some of those achievements and more. To explore the website, you may view the [U.S. Agriculture Secretary Sonny Perdue: Year One](#) page.

The website also features an interview with Secretary Perdue where he discusses his first year as Secretary and his vision for the department. To watch the interview, you may view [Secretary Perdue's interview about his first year](#).

[Source: USDA](#)

### **Push for Snap Recipients to Get Jobs Lacks Evidence**

The farm bill calls for expanding the obscure SNAP Employment & Training program to serve perhaps three to four times the number of people it currently does — a tall order considering how difficult it will be to scale up quickly to enroll hundreds of thousands, if not millions, of new

participants. No one knows exactly how many people would need to be served. What's more, there's little evidence the training program actually works

Most people in food and agriculture circles had likely never heard of the SNAP E&T program before the House unveiled its farm bill two weeks ago. But now that the initiative is at the center of a House Republican effort to enact a small slice of its welfare overhaul, it's coming under greater scrutiny. Under the House bill, SNAP E&T would explode from about \$90 million in annual funding to \$1 billion a year over three years.

"It's a great time, quite frankly, from the economy's standpoint, because new jobs are being created every day and wages are higher," House Agriculture Committee Mike Conaway said as he unveiled the bill. "We think this is a great time to dedicate significant resources toward the E&T portion of the SNAP program."

Right now, SNAP E&T serves about 700,000 people annually. Some think it could be as high as 3 million people annually if the House Ag version of the bill takes effect. States would be given two years to ramp up to be able to handle the cases.

While there have been some promising results in places like Washington state, there hasn't been a rigorous evaluation of whether SNAP E&T works since 1994. Back then, researchers found "no evidence" that the program, which was primarily focused on basic services like job search, "increased the likelihood of participants finding jobs."

As Helena reported last summer, the 2014 farm bill gave USDA \$200 million to launch 10 state pilots to test new approaches to SNAP E&T — an effort backed by both Republicans and Democrats — but that experiment isn't on track to have results in time for this farm bill. That means there's no new national data about what works and what doesn't. The final report isn't expected until 2021.

House Speaker Paul Ryan, who has long sought to shrink the social safety net, lauded the farm bill that the House Ag Committee advanced last week, calling it "the precise thing we need to do to get people from welfare to work." On Thursday, Ryan said he viewed the farm bill as part of "the final installment" of the House Republican agenda.

### **Chairman Roberts Welcomes Senator Hyde-Smith to Ag Committee**

U.S. Senator Pat Roberts, R-Kan., Chairman of the Senate Committee on Agriculture, Nutrition, and Forestry, welcomed the Committee's newest member, Senator Cindy Hyde-Smith from Mississippi.

"I'm delighted we have another farmer on the Senate Agriculture Committee. I look forward to working with Senator Hyde-Smith as we continue to write the Farm Bill," said Chairman Roberts. "Her firsthand agriculture knowledge and boots-on-the-ground experience are a welcome addition to the Committee."

Hyde-Smith was sworn into the U.S. Senate on April 9 and fills the seat vacated by Senator Thad Cochran. Prior to being appointed to the Senate, she served as Mississippi's Commissioner of Agriculture and Commerce since 2012. Hyde-Smith and her husband Mike are fourth generation farmers raising beef cattle.

Hyde-Smith will join the Subcommittee on Commodities, Risk Management, and Trade; the Subcommittee on Rural Development and Energy; and the Subcommittee on Conservation,

Forestry, and Natural Resources. To view an updated list of subcommittee assignments, [click here](#).

[Source: U.S. Senate Committee on Ag, Nutrition & Forestry](#)

### **Monsanto's Legal Rollercoaster**

Arkansas farmers are taking matters into their own hands over whether they can spray the herbicide dicamba onto crops this growing season and into the future.

In late 2017, the Arkansas Plant Board banned use of the herbicide after widespread complaints from farmers that the herbicide drifted from neighboring fields and damaged their crops. Monsanto sought to block that rule from taking effect but a state judge tossed out the suit based on sovereign immunity grounds, citing an Arkansas Supreme Court ruling that makes it difficult to sue state agencies. Monsanto has filed a notice of appeal in that case.

But the judge also ruled that six farmers involved in challenging the ban were denied their due process rights because they had no means to get the ban overturned (because of the state sovereignty loophole) so the ban would not apply to those particular growers.

That prompted a mass run to courts. Groups of farmers are seeking the same relief, and some judges have granted temporary restraining orders preventing the plant board from enforcing its regulation. Meanwhile, the state attorney general's office is gathering up those restraining orders and taking them to the state Supreme Court. That ruling is expected to be imminent.

While the cases are being hashed out, Monsanto will not be selling its signature XtendiMax product this growing season to Arkansas farmers.

"We look forward to the day when Arkansas growers will be able to take advantage of this important technology, and we will continue to assess the legal and regulatory environment as we move forward," the company said in a statement.

Over in California, Monsanto was handed a court loss by a California appellate court that decided the state is allowed to list glyphosate, the active ingredient in Monsanto's flagship product Roundup, as a probable carcinogen under Proposition 65.

"This is a huge win for Californians -- and a huge loss for Monsanto -- as it upholds our right to protect ourselves and our environment from unnecessary and unwanted exposure to the dangerous chemical, glyphosate," the Center for Food Safety, which joined the case, said in a statement.

The California's Office of Environmental Health Hazard Assessment based its decision to list glyphosate on a 2015 conclusion from the International Agency for Research on Cancer that the chemical was a "probable" human carcinogen. An IARC finding is one way under that a chemical can be subject to Prop 65 rules.

No word yet on whether Monsanto will take the ruling up to the highest court. The company said it is reviewing the ruling "and will be analyzing further options."