

News from Washington: May 14-20

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Conservative Revolt Over Immigration Sinks Farm Bill

House Republican leaders suffered an embarrassing setback Friday when conservatives scuttled an ambitious farm bill, part of a high-stakes power play as they once again exert their oversized sway in the House.

In this case, conservatives in the House Freedom Caucus wanted to slow the momentum of bipartisan immigration legislation to help young “Dreamers.” Republican moderates are gaining ground with their immigration effort and conservatives don’t like the deals taking shape. By withholding their votes on the farm bill, they flexed their political muscle to doom both.

Not even a tweet from President Donald Trump supporting the farm bill could save it from the chaos Friday. It was defeated, 213-198. Some 30 Republicans joined with every chamber Democrat in opposition.

The vote was a blow to GOP leaders, exposing the power struggle underway as leaders jockey to replace Speaker Paul Ryan, who is not seeking re-election. It disrupts GOP efforts to portray party unity ahead of the midterm election and to rack up legislative wins to motivate voters to the polls to keep their majority.

Trump is “disappointed in the result of today’s vote” and “hopes the House can resolve any remaining issues,” said Deputy Press Secretary Lindsay Walters.

The outcome also shelves for now the big, five-year farm bill, a top GOP priority because it combines stricter work and job training requirements for food stamp recipients — long pushed by Ryan as part of his safety net cuts — with a renewal of farm subsidies popular in GOP-leaning farm country.

Rep. Tom Cole, R-Okla., a veteran campaign strategist, said it’s a “mistake” for conservatives to play the farm and immigration bills against each other. “You don’t hold one thing hostage for something that’s totally different,” he said.

Conservatives, though, have gained clout in the House by withholding their block of some 30 votes to exert their sway on legislation. That strategy is only expected to escalate as they jockey for promotions up the leadership ladder once Ryan retires.

Rep. Jim Jordan, R-Ohio, a leader of the House Freedom Caucus who has expressed an interest in running for House speaker, said some conservatives had concerns over the farm bill, largely because of its spending, but “my main focus was making sure we do immigration policy right.”

Democrats are strongly opposed to the farm bill, saying the stricter work and job training rules are poorly designed and would drive 2 million people off food stamps. They took a victory lap after the vote.

Minority Whip Steny Hoyer, D-Md. said the dysfunction under the Republican majority in Congress is another reason why voters in November “are going to give us their jobs.”

The farm bill's rejection scrambled the prospects for what had seemed to be an agreement over the immigration standoff.

House Republicans, including Majority Leader Kevin McCarthy, R-Calif., worked into the night trying to negotiate a resolution and some thought they had reached a deal. It would have allowed rival immigration bills to proceed to the floor by late June.

One bill from hard-liners would reduce legal immigration and open the door to Trump's border wall with Mexico. A second, being negotiated with the White House, GOP leaders and Democrats, would be aimed at bolstering border security and helping young "Dreamer" immigrants — those who were brought to the U.S. illegally as children — to remain permanently in the U.S.

The accord was aimed at heading off a drive by moderates who are just five Republican signatures short on a petition to force votes on a bipartisan immigration bill Democrats would likely support.

The deputy whip, Rep. Patrick McHenry, R-N.C., said it was only when he arrived on the floor Friday that he realized the farm bill would come up short. He said the conservative flank is "trying to extract something" more on immigration.

But Rep. Mark Meadows, R-N.C., the head of the Freedom Caucus, told reporters there was "no deal" on immigration. He downplayed the setback on the farm bill, saying "it's not a fatal blow. It's just a reorganizing."

The scramble will likely drive more Republicans to sign on to the renegade effort to push the compromise immigration bill to a floor vote over the objection of party leaders.

Conservatives defended their move, saying they are standing for voters who want Trump's border wall and other stricter immigration measures and want assurances that GOP leaders would not help an overly moderate immigration bill clear the House. Said Rep. Scott Perry, R-Pa., a Freedom Caucus member, "The farm bill was just a casualty, unfortunately."

But Republican Rep. Mario Diaz-Balart of Florida, who supports both the farm bill and the immigration effort, said the conservatives once again played into the hands of House Minority Leader Nancy Pelosi, joining Democrats in dooming the GOP bill.

"Nancy Pelosi and her allies just won a big victory," he said.

As for the farm bill's fate, the debacle appears to make it even more likely that Congress will simply extend the current farm bill when it expires in September.

In the Senate, Agriculture Committee Chairman Pat Roberts, R-Kan., is promising a competing bill later this month. He's signaling that its changes to food stamps would be far more modest than the House measure.

[Source: Morning Ag Clips](#)

Conaway Statement on Farm Bill Vote

House Agriculture Committee Chairman K. Michael Conaway (R-TX) issued the following statement on today's House farm bill vote:

“We experienced a setback today after a streak of victories all week. We may be down, but we are not out. We will deliver a strong, new farm bill on time as the President of the United States has called on us to do. Our nation’s farmers and ranchers and rural America deserve nothing less.”

[Source: House Committee on Agriculture](#)

NAFTA Deal Not Expected Soon

Canadian Prime Minister Justin Trudeau gave people hope earlier on Thursday that a deal was near. By the end of the day, U.S. Trade Representative Robert Lighthizer quashed that hope.

Negotiators from the U.S., Mexico and Canada remain remarkably far apart on a number of issues, Lighthizer said in a rare candid statement at the end of the day.

"The NAFTA countries are nowhere near close to a deal," he said. "We of course will continue to engage in negotiations, and I look forward to working with my counterparts to secure the best possible deal for American farmers, ranchers, workers, and businesses."

Lighthizer ticked off numerous differences that remain on number of areas, such as market access for agricultural products, energy, geographic indications and labor.

Trudeau displayed much more optimism on Thursday, saying that NAFTA negotiators could be offering positive news in the coming days. He even went as far as to contend in comments at a luncheon at the Economic Club of New York that the three nations had a “broadly acceptable” auto deal at hand.

A group of state agriculture leaders and farmers — accompanied by Sen. Steve Daines (R-Mont.) — called on the Trump administration to consider the long-term harm that trade uncertainty could do to agriculture. Daines emphasized that the administration needs to “do no harm and mitigate any threats or retaliation,” while also helping unlock new markets for U.S. agricultural goods.

Major trading partners, like Mexico, have already begun looking at other potential sources to replace the U.S., said Michelle Erickson-Jones, a Montana wheat and oilseed farmer. Growers’ existing relationship with Mexico “has been now put into flux and filled with uncertainty as we continue to renegotiate NAFTA,” Erickson-Jones said at a press conference hosted by Farmers for Free Trade. Mexico is “looking at outside sources for various products,” such as getting barley from the EU.

What’s in The Agriculture-FDA Fiscal 2019 Spending Bill

The House Appropriations Committee on Wednesday advanced the fiscal 2019 Agriculture-FDA spending bill in a 31-20 vote, following the addition of eight new amendments during markup.

The bill offers \$145.1 billion in both discretionary and mandatory funding — about \$922 million below the fiscal year 2018 enacted level. Discretionary funding in the bill totals \$23.27 billion, a \$14 million increase from fiscal 2018.

The legislation would provide more than \$3 billion for rural development programs. Efforts to help expand high-speed internet in rural areas would receive \$620 million.

At the FDA, funding would increase to \$3.1 billion from the fiscal 2018 enacted level of \$2.8 billion.

Peek at the amendments: Eight amendments were adopted by voice vote, including:

- A measure by Rep. Barbara Lee (D-Calif.) to add \$1 million to the Healthy Food Financing Initiative;
- A measure to protect SNAP retailers from certain disclosure requirements, by Reps. Dan Newhouse (R-Wash.) and Sanford Bishop (D-Ga.);
- Newhouse also proposed an amendment that would direct the Agriculture secretary to work with other federal agencies to establish a comprehensive online system for agricultural employers to complete the H-2A application process.

Among the amendments rejected was one that would continue the ban on the slaughter of horses in the United States.

Secretary Perdue Applauds Red Tape Reduction for Farmers

U.S. Secretary of Agriculture Sonny Perdue today applauded the removal of a burdensome regulation that has long plagued family farms. The rule requiring producers to obtain Data Universal Number System (DUNS) and System for Award Management (SAM) numbers to participate in U.S. Department of Agriculture (USDA) Natural Resources Conservation Service (NRCS) programs has been eliminated. Congress included this repeal in the FY 2018 Omnibus spending package, USDA's official regulatory change will be published in the Federal Register tomorrow.

"I'm pleased Congress helped us to achieve one of our regulatory goals of cutting red tape for producers utilizing conservation programs by exempting them from SAM and DUNS requirements," Secretary Perdue said. "These numbers were designed for billion-dollar government contractors, not everyday farmers trying to support their families. These changes help streamline the customer experience for farmers, which is a top priority at USDA."

Prior to this rule change in the 2018 Omnibus spending bill, DUNS and SAM numbers were required for any federal contract application. This became an onerous regulation for small farms, when it was intended for large government contractors. DUNS and SAM registration is still required for the following:

- Partnership agreements entered through the Regional Conservation Partnership Program (RCPP)
- All agreements with eligible entities under the Farm and Ranchland Protection Program (FRPP)
- Agreements under the Agricultural Land Easement (ALE) component of ACEP
- Partnership agreements under the Wetland Reserve Enhancement Program (WREP) component of ACEP-Wetland Reserve Easements (WRE)
- Watershed operations agreements with project sponsors
- Emergency Watershed Protection Program (EWP) agreements with project sponsors, including Recovery and Floodplain Easements
- All cooperative, contribution, interagency, or partnership agreements of Federal contracts used by NRCS to procure goods or services

NRCS advises participants in its programs to ignore any emails, phone calls or other communications from third-party vendors offering assistance for registering in SAMS or applying for a DUNS number.

To learn more about NRCS financial and technical assistance, go to www.nrcs.usda.gov.

[Source: USDA](#)

A U.S.-China Deal on ZTE Could Be a Win for U.S. Farmers

The Trump administration is angling to strike a deal with China that would see Beijing drop tariffs on billions of dollars of U.S. agricultural products in exchange for the U.S. backing down on penalties imposed against Chinese telecom firm ZTE. President Donald Trump signaled on Sunday that he would help ZTE “get back into business, fast” less than a month after the Commerce Department announced a harsh penalty on the company for lying about violating U.S. sanctions.

The U.S. could backpedal on its decision to bar U.S. companies from doing business with ZTE and exporting materials to the firm for up to seven years. In return, China would agree to drop tariffs it imposed on U.S. agricultural products as retaliation for U.S. tariffs on steel and aluminum imports, The Wall Street Journal reported. Last month, China — the No. 2 purchaser of U.S. farm goods — raised tariffs on \$3 billion worth of American products, including pork, nuts, fresh and dried fruits, and wine.

However, some hardliners in the administration are strongly opposed to a potential deal, arguing that China can't be trusted to follow through and worrying privately that the president is being swindled by more moderate aides who opposed his aggressive approach to Beijing.

Chinese and U.S. officials will meet in Washington today through Saturday to continue high-level trade talks. The Trump administration is working to protect the agricultural industry — and the sector has already been “featured quite prominently” in trade discussions with Beijing, Commerce Secretary Wilbur Ross said during a Senate hearing last week.

Who's calling the shots? Ross has been largely sidelined in trade talks with China, in the latest signal that Trump is losing confidence in his Commerce secretary.

That has left Trump to place increasing reliance on Treasury Secretary Steven Mnuchin, U.S. Trade Representative Robert Lighthizer and White House trade adviser Peter Navarro — who have varying opinions on how the administration should counter Beijing's trade practices.

USDA Keen on Broadband Pilot, But No Word on Timing

USDA officials are “very excited” to roll out a \$600 million pilot program for rural broadband deployment that was authorized in the omnibus spending deal for fiscal 2018, Anne Hazlett, assistant secretary for rural development, said Monday at an event kicking off the White House's latest infrastructure week. Hazlett did not say when the pilot would launch, but she indicated USDA is looking at ways it can be “innovative in deploying this technology,” such as establishing more partnerships with rural economic cooperatives, she said.

“We see a number of significant gaps in rural infrastructure,” Hazlett said. “These are not just an amenity, these are necessities to quality of life and economic opportunity to these places.” Expanding access to high-speed internet in rural communities is “a key priority” for USDA in this administration, she said.

The pilot program would provide loans and grants to service providers in underserved and tribal areas to leverage an estimated \$1 billion in total new broadband projects. Secretary Perdue

said in April that USDA is working as quickly as possible to develop rules for the pilot. Hazlett did not provide details on that process.

Perdue Tackles Rest of USDA Reorganization

Agriculture Secretary Sonny Perdue cemented components of his USDA reorganization in a final rule published in the Federal Register.

The rule formally establishes the department's new undersecretary for trade and foreign agricultural affairs post and shifts under that mission area the U.S. Codex Office, which helps develop international food standards to protect public health and ensure fair trade. Bill Northey's title is officially changed to undersecretary for farm production and conservation, and authority over the Natural Resources Conservation Service is now under that mission area.

The administrator of the USDA Farm Service Agency has authority over two initiatives that assist the organic industry: the National Organic Certification Cost Share Program, which is available to both farmers and handlers across the country; and the Agricultural Management Assistance Organic Certification Cost Share Program, which is offered to only crop and livestock operations in 16 states. The former was overseen by the USDA Agricultural Marketing Service, while the latter administered by the undersecretary for natural resources and environment.

The final rule also secures the additional authorities that Perdue gave the USDA general counsel, which were announced in a memorandum at the beginning of the year. These include requiring the office to review and agree to settlement agreements above certain monetary thresholds before being carried out. For non-personnel agreements, the threshold would be \$500,000, while for personnel it would be \$50,000.

Perdue also added to his leadership team. He announced that Carmen Rottenberg and Paul Kiecker have been appointed to top posts at USDA's Food Safety Inspection Service. Bruce Summers was named administrator of USDA's Agricultural Marketing Service.

Ray Starling will leave the National Economic Council as a special assistant to the president and move to USDA as Perdue's chief of staff, the White House confirmed in an email.

And Richard Fordyce was chosen as administrator of USDA's Farm Service Agency, which has broad responsibilities for programs like commodity subsidies and disaster assistance loans. He will also oversee FSA's network of 50 states and more than 2,100 county offices across the country.