

News from Washington: October 29 – November 2

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

### **Ag's Biggest 2018 Ballot Initiative**

California's Proposition 12 would mandate larger, cage-free spaces for pigs, veal calves and egg-laying hens. But what really makes it one of the most consequential state ballot initiatives in this election cycle is that it would require producers in other states to move to cage-free if they intend to sell within the country's most populous state.

The pork and egg industries warn it will have far-reaching implications for producers nationwide.

"The pressure to meet this market demand will impact production in many states," said Ken Klippen, a spokesman for the National Association of Egg Farmers, which opposes the initiative.

California voters passed a similar initiative, Proposition 2, in 2008. It forced producers of pigs, eggs and veal to house animals in spaces that don't inordinately constrain movement. But animal activists said that measure didn't go far enough in terms of enforcement and allowed producers to continue using cages. Prop 12 closes those loopholes, which proponents say will promote animal welfare and keep food safer.

Both sides of the debate argue that their preferred approach to housing is a better option to combat the spread of disease —highlighting how there is no scientific consensus on the link between food safety and livestock housing.

### **Perdue: Full Second Wave of Trade Aid by December**

The Agriculture secretary gave a firm commitment to U.S. ag producers that additional tariff relief is on the way, weeks after he caused a bit of a stir by suggesting USDA's trade assistance program might be scaled back in the wake of the new North American trade pact.

Two points that Perdue made Monday should reassure farmers and ranchers feeling the sting from retaliatory tariffs and seeking government assistance:

- The second batch of trade aid (USDA has already devoted about \$6.3 billion for direct payments, commodity purchases and marketing help) is on track to begin in December. "I wouldn't expect the second tranche any later than December," Perdue said.
- The additional funds will likely be the full amount USDA initially planned — in other words, the rest of the \$12 billion the department budgeted to help mitigate the trade war's impact on producers. "Right now, we see no change in the [market conditions] that would change our minds about a different amount," Perdue said.

### **Trump Still Formidable in Farm Country**

Early in the midterm election cycle, Democrats pegged Illinois' 12th Congressional District as a likely pick-up opportunity. It went for former President Barack Obama in 2012, and Democratic strategists figured that Trump's trade war would push Republican-voting farmers away from the GOP as retaliatory tariffs cut into their bottom lines and crop prices plummeted.

But that bet may be wrong. Republican incumbent Mike Bost has pulled in front of his Democratic challenger Brendan Kelly in recent weeks after they ran neck-and-neck for months.

His surge has made the race a showcase for why the tariff argument alone may not be enough for Democrats to prevail in farm country races.

Senate Minority Leader Chuck Schumer has spent two years trying to protect a group of red-state Democrats from being unseated. Every few weeks, he's met with his caucus' five most endangered members. He's given them as much room as possible to distance themselves from the party.

### **Perdue Likely to Stick Around**

As many as six Cabinet members could leave by Jan. 1, POLITICO [reported](#) this weekend, citing White House advisers and administration sources. But Perdue is seen as likely to stay on as Agriculture secretary regardless of how the midterms play out. Here's why:

- **The agriculture industry likes him.** He's an effective rural ambassador for Trump and has visited almost every state in the nation during his 18 months in office.
- **He keeps his head down** and has avoided the controversies that have dogged the Trump Cabinet and even brought down some of its members.
- **He doesn't appear to be jockeying** for his next political move. And he's said to enjoy the gig. Perdue is 71 and has already been governor of Georgia.
- **He's working to reorganize parts of USDA.** That requires a commitment.

The secretary has weathered intense pressure from ag producers burned by Trump's trade war, which has depressed commodity prices and driven up certain farm expenses. The new North American trade pact and USDA's trade relief program have eased some of the angst, but trade talks with China have looked unpromising for months.

If the House stays in GOP hands, it would certainly make Perdue's job easier. While he's squabbled with Senate Agriculture Committee leaders at times, he enjoys a friendlier relationship with House Republicans. A Democratic House would be more adversarial on just about every policy issue, from SNAP to trade aid.

### **Farm Bill to Test Trump's Deregulatory Push**

Implementing the new farm bill — whenever Congress finishes one — could prove to be a major test case for Trump's deregulatory agenda, according to USDA's chief lawyer. Stephen Vaden, the principal deputy general counsel, said the sweeping legislation will especially test a Trump administration executive order that each department or agency's regulatory activity comply with a cost cap — a version of the regulatory budgeting that conservatives have wanted for years.

The provision was part of Trump's January 2017 executive order that more notably requires agencies to strike two existing regulations for every new one. Vaden said the lesser-known regulatory budget is a "more powerful tool" for enforcing deregulation across the federal government — and it will be on full display once Trump signs a new farm bill and the administration starts putting it into action.

"This will be the first time we will really have such a comprehensive, multi-year bill as the farm bill seeking to be implemented under" the 2017 executive order, Vaden said Friday during remarks at the American Agricultural Law Association symposium in Portland, Ore. He added that it will be "vital" to get the new farm bill regulations in place as "quickly as possible."

Vaden's remarks drew some pushback from ag lawyers in the audience. Anthony Schutz, a Nebraska College of Law professor, said the Trump administration's approach was based on a "faulty premise" that regulation is inherently bad.

Vaden, an influential but low-profile figure at USDA, was tapped to be the department's general counsel, but his nomination has stalled since it was advanced by the Senate Agriculture Committee nearly one year ago.

### **Perdue Touts Hands-Off Farm Bill Strategy**

Perdue pushed back Monday against the idea that he's personally advising House and Senate agriculture leaders to include stricter SNAP work requirements in the farm bill, which Trump has repeatedly said he wants.

"I don't provide advice to the Four Corners in the farm bill negotiations," Perdue told reporters with a laugh after swearing in Scott Angle to serve as director of the National Institute of Food and Agriculture. "They're more than capable — they're the legislative branch."

Perdue suggested he has confidence that negotiators will figure out what's best so they can deliver a compromise bill and get it back through both the House and Senate. But he's also been clear he prefers stricter work requirements.

Perdue's comments come after Trump over the weekend said he still really wants to get work requirements in the farm bill, but if Republicans don't pick up seats in the midterms, doing so will be tough. "You're going to have a farm bill," Trump told Agri-Pulse in an [interview](#) Saturday. "But to get it right, I need more time ... because we don't have enough votes."

### **Grassley And the Pull of the Finance Gavel**

The Senate Finance Committee will have a new chairman next year even if Republicans hang onto the chamber, with Orrin Hatch (R-Utah) retiring. That leaves Grassley, the longest-serving GOP senator after Hatch, in line to chair the influential panel, which has broad jurisdiction over taxes and trade.

Grassley, a corn and soybean farmer, has been vocal about how the U.S.-China trade war is hurting Iowa producers — though he's generally backed Trump's trade agenda. Helming Finance would give the 85-year-old Iowa Republican a more direct ability to help out his state on trade.

Grassley could keep the Judiciary Committee gavel or take over the Budget Committee. He said he'll announce his decision Nov. 7, the day after the midterms.

If either chamber flips to Democrats, expect greater scrutiny of the U.S.-Mexico-Canada Agreement.

- Sen. [Ron Wyden](#) (D-Ore.) as Finance chairman would likely focus on ensuring tighter and enforceable labor standards in the pact, and also push for changes in the implementing bill to reflect those priorities.
- Rep. [Richard Neal](#) (D-Mass.) is a safe bet to become House Ways and Means chairman if Democrats take over the majority. Neal has singled out worker rights and environmental protections as areas of focus in the trade agreement.

### **FDA Forging Ahead on Animal Biotech**

The agency next year will roll out several guidance documents meant to provide "intensive assistance" for navigating its guidelines for biotech, including gene-editing in animals. The plan is to create "an efficient, science-based pathway to market for safe animal biotechnology-derived products."

Industry insiders on both sides of the issue question whether FDA has the authority to regulate gene-edited animals. Jaydee Hanson, senior policy analyst for the Center for Food Safety, has been pushing FDA to develop regulations for decades. He said the agency is in a unique position to institute these regulations, given its previous experience overseeing genetically modified animals used in drug testing.

Even if just one small section of an animal's DNA is altered, Hanson said, scientists should be required to give the entire DNA sequence to regulators to ensure no mistakes were made that could pose a food-safety risk.

Too far? Some scientists say FDA's previously released guidelines go too far, and that the agency is attempting to regulate changes in animal genomes that could occur naturally. Alison Van Eenennaam, an animal biotechnology expert at the University of California, Davis, has been working to remove the part of DNA responsible for giving cows horns. Dairy producers typically prefer hornless animals as a matter of animal safety.

Under FDA's approach, Eenennaam said, her hornless cows are considered "drugs" that need to undergo regulatory review. While she agrees that some genetically modified animals should be regulated, she argues the agency shouldn't regulate changes to an animal's DNA that already occur in nature — which is already the approach USDA takes in overseeing regulation of GE plants.

The agency "makes an arbitrary distinction between an intentional edit [by humans] and an unintentional edit by nature," she said. "For some reason, human intention is considered a food risk, and I fundamentally reject that."

"My cows are not drugs," she added. "They're cows."

### **Perdue Touts ERS, NIFA Moves**

Perdue talked up his plans to relocate the Economic Research Service and the National Institute of Food and Agriculture during a lecture Thursday at Kansas State University. The school is one of the sites that formally [expressed interest](#) in housing the two agencies.

"Your folks here in Kansas have been encouraging to me," Perdue told students, in between life lessons and farm tales. (Here's the [speech](#).)

K-State is part of an economic development coalition seeking to bring ERS and NIFA to Manhattan. The school's Polytechnic Campus, in Salina, has expressed interest separately.

"We've got great researchers at USDA, as you do here at Kansas State," Perdue said. "I believe their research will be even more effective if the team is closer to the constituents and the farmers that they serve."

Perdue name-dropped the tech mega-company multiple times, along with Chick-fil-A, calling them models of efficiency and customer service. "I want USDA to be the Amazon of federal government," he said.

### **Call for EPA to Measure Farmland Loss Tied to RFS**

Twelve environmental organizations want EPA to ensure more strict compliance on farmland used to grow crops for biofuels.

A 2007 law expanding the Renewable Fuel Standard barred farmers from using non-farmland to grow biofuel feedstocks. In a petition filed Tuesday, the groups asked EPA to end its policy of calculating total farmland used to grow feedstocks and instead require farmers producing biofuel feed to prove they're using land that was farmland in 2007.

"EPA has completely ignored its legal obligation by refusing to enforce these crucial environmental protections," the groups said in a statement.

Renewable Fuels Association CEO Geoff Cooper said there is "absolutely no legitimacy" to assertions that prairie has been converted to farmland to support the RFS.

### **Inside USDA'S Data Gap on Organic Acreage**

How many acres of organic farmland are there in the U.S.? Don't ask the Agriculture Department. The government's data on organic acreage is wildly inaccurate and USDA is now considering new reporting requirements to help it develop a better nationwide accounting of organic acreage.

One USDA database reports 121 million acres of organic farmland across the country. But the same database lists a global total of 13.5 million acres.

Getting the numbers right isn't just about proper bookkeeping — it's part of an effort to crack down on fraudulent organic products.

The data problem is unique to the organics sector, which has battled for decades to share an equal footing at USDA with conventional agriculture. Responsibility for collecting organic acreage stats has passed from agency to agency in recent years. It's now handled by the National Organic Program, which certifies products as "USDA Organic." (You know the green [seal](#).)

USDA plans to release a proposed rule in early 2019 aimed at shoring up organic integrity. An increase in mandatory reporting to boost USDA's data collection efforts could be part of the rulemaking process.

### **FDA To Test Romaine Lettuce After Outbreak**

Romaine lettuce is going to come under an increased level of scrutiny before it reaches Caesar salads everywhere after a deadly E. coli O157:H7 outbreak tied to greens grown in Yuma, Ariz., earlier this year. The FDA said Thursday it's launching a special surveillance project to monitor romaine lettuce for contamination.

"This will help us determine whether products are safe to enter the U.S. marketplace," FDA Commissioner Scott Gottlieb said in a [statement](#).

FDA conducted an intensive, months-long investigation after the outbreak in Yuma-produced romaine, but could not nail down the definitive cause. In an environmental assessment released Thursday, FDA said contaminated canal water was likely the mode of contamination, but investigators couldn't rule out other possibilities.

FDA found the outbreak strain of E. coli O157:H7 in sampling of water from three locations along a 3.5-mile stretch of an irrigation canal adjacent to both lettuce growing fields and a CAFO.

Where are the produce safety water standards? The fact that FDA identified water as the likely means of contamination led consumer groups to call on the agency to finalize its long-delayed water-safety standards under the Food Safety Modernization Act produce-safety rule.

Last year, FDA essentially scrapped its water standards after produce growers, local food advocates and others connected to the sector criticized the regulations as being too complicated and unworkable for growers. Compliance with water standards for produce growers has been pushed back several years to give FDA more time to develop new, more workable standards.

“In light of this assessment, FDA must finalize its safety standards for agricultural water soon — in a matter of months, not years,” Sandra Eskin, head of food safety at the Pew Charitable Trusts, said. Eskin suggested FDA should develop stronger standards than it previously proposed.

### **Oregon’s Hemp Boom**

Now that the market for recreational marijuana has plateaued in the state (or become oversaturated, depending on who you ask), growers are increasingly turning to industrial hemp as the [next hot cash crop](#).

Not long ago, Oregon was growing just a few acres of industrial hemp. Today, it’s somewhere around 13,000 acres, Alexis Taylor, director of the Oregon Department of Agriculture, told MA on the sidelines of the American Agricultural Law Association symposium in Portland last week.

“Initially everyone thought they were going to grow it for fiber, but that’s not the market,” Taylor said. “It’s all going to CBD oil.” Cannabidiol (broadly known as CBD oil) is not psychotropic (it generally contains very little THC), but it’s popular for a variety of other uses, from topical pain relief to treating epilepsy and acne.

The demand for CBD oil is strong and the prices are good — plus extracting the oil requires less infrastructure than processing hemp into usable fiber. In addition to CBD oil, growers are also looking at using the leftover stalks for animal feed.

Oregon’s ag department has one full-time cannabis policy coordinator, who works on policy and helps coordinate with other states that are growing hemp or want to start, Taylor said. Hemp growers and processors in Oregon have to be licensed with the department, a process that’s considerably less expensive than getting cleared to grow recreational marijuana.

Oregon’s state hemp inspection effort is housed under its nursery program. “It’s a new industry,” Taylor said. “How do you work through a regulatory system that allows them to continue to grow? It’s an interesting challenge.”

With high-profile backing from Senate Majority Leader Mitch McConnell, the Senate farm bill included language that would make hemp just like any other commodity crop by removing it from the feds’ list of controlled substances, in effect legalizing it nationwide. Hemp advocates have high hopes the provision will be included if a farm bill conference report can be reached.