

News from Washington: March 11-17

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### **Ag Industry Seeking USDA Oversight of GE Animals**

Livestock groups are rallying a call to move regulation of genetically engineered animals from the FDA to USDA, potentially setting up another jurisdictional face-off.

Currently, FDA has control over reviewing the safety of GE animals while USDA handles GE plants. But animal ag groups say FDA's framework lacks clarity and the process is a slow-go — they point to the fact the agency has cleared just one genetically engineered animal, AquaAdvantage salmon (a process that lasted more than 20 years).

The pork industry is taking the lead in part because gene-edited hogs that are resistant to certain diseases are expected to be commercially available in the next couple of years. Farmers and scientists are particularly excited about the possibility of resistance to Porcine Reproductive and Respiratory Syndrome, a disease that costs the industry hundreds of millions of dollars annually.

Supporters of the move say it's an urgent issue because other countries have signed off on GE animals, namely Brazil and Argentina, putting U.S. producers at a competitive disadvantage.

Advocates were encouraged by the joint USDA-FDA agreement for handling regulation of cell-based meat, and they say the shared arrangement could provide a guide for how the biotech animals debate might play out.

In its review of biotech plants, USDA set a goal of streamlining regulations to help products to get to market faster. Animal ag groups are hopeful the department would take the same approach for GE animals.

### **Trump Budget Sets Up Farm Bill Feud**

Top Democrats on the House and Senate Ag committees on Monday were quick to bash Trump's new budget request as a betrayal of the 2018 farm bill he signed in December, H.R. 2 (115). The ambitious fiscal blueprint proposed shrinking USDA's budget by 15 percent compared with spending estimates for fiscal 2019, including steep cuts to major farm bill programs the Agriculture panels spent months negotiating.

Like virtually all presidential budgets, most of Trump's plan is going nowhere. But key Democrats and some [industry groups](#) are still taking it like a jab in the eye — setting up a renewed clash between Congress and the White House in the months ahead of the Sept. 30 funding deadline.

"This budget was concocted by a bunch of ideologues who can't see what's clearly going on in the farm economy," House Agriculture Chairman Collin Peterson said in a [statement](#). Senate Agriculture ranking member Debbie Stabenow was similarly critical, [noting](#) the "economic instability and trade uncertainty" facing farmers and ranchers.

Trump's budget targets conservation programs for \$8.9 billion in spending cuts over a decade, including elimination of the Conservation Stewardship Program.

Crop insurance and commodity subsidies would face \$28 billion in proposed cuts, per our Catherine Boudreau. A coalition of trade groups representing the crop insurance sector called it “short-sighted” in a statement, arguing the policies would become unaffordable for farmers.

The budget would trim nearly \$220 billion from the Supplemental Nutrition Assistance Program over 10 years, driven by stricter work requirements and a revival of last year’s widely panned “Harvest Box” idea to replace some SNAP benefits with monthly deliveries of nonperishable foods.

Trump and Agriculture Secretary Sonny Perdue were already butting heads with Congress over USDA’s proposed rule to clamp down on states issuing SNAP work waivers for able-bodied adults without dependents. The budget plan offers fresh ammo.

One area Trump wants to boost is a competitive research grant program known as the Agriculture and Food Research Initiative. The White House requested \$500 million, a bump of \$85 million. (The farm bill authorized up to \$700 million annually for the initiative, but appropriators haven’t allocated the full amount.)

House Agriculture ranking member Mike Conaway praised Trump’s budget for boosting military and border spending, but even the Texas Republican appeared skeptical of the USDA proposal.

“On agriculture, as the president knows, the farm safety net accounts for less than a quarter of one percent — a rounding error by Washington standards,” Conaway said in a [statement](#). “So when the chips are down we must keep our promise to farmers and ranchers and rural America made under the five-year farm bill, and I fully expect the president to be onboard.”

Perdue [defended](#) the cuts as necessary, given the \$22 trillion national debt.

Bottom line: The White House blueprint won’t become law, but it will shape the budgetary battle among ag policymakers (and potentially factor into the debate over farm bill implementation) in the months ahead.

### **Secretary Perdue Statement on President Trump’s Budget Proposal**

U.S. Secretary of Agriculture Sonny Perdue issued the following statement after President Trump submitted his [FY 2020 budget proposal](#) (PDF, 1.9 MB) to Congress:

“Our economy is booming, and unemployment is the lowest it’s been in decades. While the agriculture community still faces challenges, the Trump economy is creating new opportunities for all Americans to thrive,” said Secretary Perdue. “President Trump’s budget is fiscally conservative and lays out a vision for an accountable federal government that cuts spending. With our national debt soaring to over \$22 trillion, we can no longer kick the can down the road. The time to act is now and USDA will actively do its part in reducing federal spending. We are stewards of other people’s money and must be diligent in spending it more carefully than we would our own when it comes to delivering our programs. At the same time, we will maintain a safety net for farmers, ranchers, foresters, producers, and people who need assistance in feeding their families.”

[Source: USDA](#)

## **Rural Housing in Trump's Crosshairs**

Among the programs that would be gutted under the spending plan are initiatives aimed at helping rural America, the heart of Trump's political base.

USDA's Rural Development branch is targeted for a 12 percent cut, and the bulk of rural housing and economic development programs would be scrapped altogether. That includes funding for home repairs or direct home ownership loans for low-income families; initiatives to help farm workers find housing; and programs to preserve affordable housing in rural areas and help low-income residents pay rent.

Some spending recommendations were well received, including on USDA's broadband pilot program and continued efforts to battle the opioid crisis.

"The administration's budget proposal is a mixed bag for rural America," the National Rural Electric Cooperative Association said in a statement.

## **Trump, Dems on USMCA Collision Course**

House Democrats are looking for assurances that Mexico will carry out labor commitments it made in the new U.S.-Mexico-Canada Agreement that require changes to Mexican law. After a caucus meeting Wednesday with U.S. Trade Representative Robert Lighthizer, Democrats appeared inclined to wait for the Mexican government to make the necessary changes to its labor laws before the House considers a forthcoming bill to implement the new trade pact.

USMCA specifies the ratification process could be held up if Mexico doesn't follow through on the promised changes. That includes changes to ensure the right to collective bargaining and secret votes when a labor pool considers unionizing.

Democrats worry Mexico will backpedal on those commitments, and there's currently no recourse under the three-way deal. Some Democrats want it reopened to bolster enforcement of its labor provisions, among other issues, but Mexico and Canada are opposed to further renegotiation.

At the Democratic caucus meeting Wednesday, Lighthizer reiterated his position that labor enforcement concerns could be addressed through the implementing legislation, instead of reopening negotiations.

"He said we're going to address it in the implementing bill, and you could see Speaker [Nancy Pelosi] shaking her head because that's not the way we're going to do this," said Rep. Pramila Jayapal (D-Wash.).

At the White House on Wednesday, Senate Republicans huddled with Trump to talk trade. Senate Finance Chairman Chuck Grassley (R-Iowa) [tweeted](#) that before Congress potentially signs off on the new NAFTA deal, Trump needs to drop steel and aluminum tariffs against Canada and Mexico.

## **House GOP Attacks Green New Deal**

House Minority Leader Kevin McCarthy, flanked by 11 ranking committee members, pushed Democrats to hold hearings on the Green New Deal, the proposal from Democrats to address climate change. Their formal criticism of the proposal to tackle climate change included outrageous language, including one lawmaker comparing it to "genocide."

The Republican lawmakers, including House Ag ranking member Mike Conaway, argued the plan's goals of reaching net-zero greenhouse gas emissions and transitioning the U.S. economy to using 100 percent renewable energy within a decade would drive up energy and home prices, and hurt the job market — even though the nonbinding resolution contains little policy detail. The GOP didn't offer alternative strategies for tackling climate change.

Conaway said rural Americans often travel farther distances, have higher energy costs and lower average incomes than their urban counterparts, making them “least able to shoulder the burdens” of any new regulations.

Senate Majority Leader Mitch McConnell formally set up a floor clash over the Green New Deal for the week of March 25, by filing a motion to proceed to the resolution, S.J. Res. 8 (116). Republicans are expected to strongly support that effort, and Democrats have indicated they're likely to vote "present."

### **EU Eyes Opening Up for U.S. Beef**

A new agreement between Washington and Brussels would guarantee that 35,000 tons out of the EU's annual 45,000 ton quota for hormone-free beef imports will be devoted to U.S. products, two European diplomats said.

The EU set up the quota in 2009 after losing a World Trade Organization dispute over its ban on hormone-treated beef. But major beef-exporting competitors like Australia and Uruguay quickly snatched up large portions of it, crowding out U.S. producers.

What's next? Four things to watch:

- The deal still needs to be approved by EU nations and the U.S.
- Brussels wants Washington to declare a final settlement in the original 2009 WTO dispute over Europe's hormone-treated beef ban, as part of the new deal.
- The guaranteed U.S. share of the quota would be phased in over at least five years.
- Australia, Uruguay and other beef exporters could still file a WTO lawsuit against the EU claiming they are being discriminated against in favor of U.S. exports.

Agriculture has been a major sticking point in the preliminary discussions for the overarching U.S.-EU trade negotiations. (However, the E.U. has ruled out negotiating over agriculture once the formal talks start, but U.S. lawmakers say a deal without ag would be “unacceptable.”)

The EU has tried to ease tensions with President Donald Trump through one-off moves like the beef deal, buying more U.S. soybeans and approving the oilseeds for use in European biofuel production.

The Trump administration will work out a solution on steel and aluminum tariffs with Canada and Mexico as part of its efforts to get the new North American pact through Congress, Treasury Secretary Steven Mnuchin told lawmakers on Thursday.

### **Perdue Ramps Up ERS, NIFA Relocation Push**

The USDA leader on Tuesday effectively chopped in half the list of locations competing to host the Economic Research Service and National Institute of Food and Agriculture. Out of 136 sites across 35 states that were bidding to host the research agencies, Perdue has narrowed the options down to 67.

Illinois has nine potential locations remaining on USDA's "[middle list](#)," followed by Virginia with eight, Ohio with six and Iowa with five. A total of 28 states still have sites in the running, from Tooele County, Utah, to College Park, Md., along with major cities like Dallas, Denver, Kansas City and Minneapolis.

USDA is aiming to create a shortlist within the next month, begin "site visits" in late April and pick a final location before the end of May, according to an email Deputy Secretary Steve Censky sent employees.

The relocation effort "continues to be a priority for the secretary, and we are committed to providing you with transparency throughout this process," Censky wrote.

Perdue's controversial proposal has left some USDA researchers uncertain about their future with the agencies, and lawmakers — especially Democrats — are pushing to slam the brakes on the relocation process.

The department did not comment on the timeline laid out by Censky, but the secretary has previously indicated he wants to wrap up the selection process by early summer.

USDA's internal watchdog is also getting close to drafting a report on whether the department has legal or budgetary authority to relocate the research agencies, and whether it followed proper procedures.

"We have just about finished our field work," Inspector General Phyllis Fong told the House Appropriations Agriculture-FDA Subcommittee on Tuesday.

### **EPA Releases Ethanol Rule, Eyeing June Deadline**

The Trump administration filed its proposed E15 rule on Tuesday that would authorize sales of the higher-blend biofuel in the summer months, bringing corn growers and ethanol producers one step closer to a long-sought policy win.

Industry groups like the National Corn Growers Association cheered the move, which could get the process back on track to potentially finish by June 1. The five-week government shutdown that ended in late January had jeopardized EPA's ambitious timeline for finalizing the rule in time for the summer driving season.

Eyes on E30? National Farmers Union President Roger Johnson said the E15 proposal is "absolutely vital" for corn growers, but he also called for rolling back federal restrictions even further: "Moving forward, we need to build on this achievement by expanding use of E30 gasoline," Johnson said in a [statement](#).

EPA's proposal would also change the trading rules for so-called Renewable Identification Numbers, aiming to crack down on speculation in the compliance credit market. For example, it would create new restrictions on non-industry traders and require large holders of RINs to disclose their positions.

### **Roberts Rips Proposed Crop Insurance Cuts**

During a Senate Finance Committee hearing on Tuesday, Sens. Pat Roberts and Debbie Stabenow ("the aggie team," as Chairman Chuck Grassley called the Agriculture leaders) took the opportunity to knock the White House spending proposal released on Monday that would lower USDA's budget by 15 percent compared with estimated fiscal 2019 levels.

“We’re not cutting crop insurance,” Roberts said, referring to Trump’s proposal to trim \$22 billion over 10 years from federal crop insurance by cutting the portion of farmer premiums covered by taxpayers. (Reminder: Most of the White House budget request is not expected to gain any traction in Congress.)

“They say it’s reform. It’s not,” the Kansas Republican continued. “It would gut the program. It’s the one thing farmers, ranchers and growers all over the country said was the No. 1 issue.”

### **Trump, Xi Meeting Still to Be Determined:**

U.S. and Chinese officials haven’t scheduled another round of in-person trade talks yet, and there’s still “much work left to be done” in the negotiations, a White House economic official said Friday.

“We’re talking to them every day, but nobody’s made any trip plans,” said Clete Willems, deputy director of the National Economic Council.

Trump administration officials have recently cautioned that an agreement with Beijing is not imminent, despite Trump’s desire to meet with Chinese President Xi Jinping at Mar-a-Lago as soon as this month to wrap up a deal.

Trump told reporters he plans to send the U.S.-Mexico-Canada Agreement to Capitol Hill for ratification “very shortly,” a move that would kick off the 90-day clock for lawmakers to approve or reject the president’s signature trade achievement.

The NAFTA 2.0 deal is perhaps the biggest legislative item on the congressional agenda this year. Trump’s eventual submission of the agreement to Congress will trigger his administration’s final push to secure bipartisan support in both chambers. Many Democrats are seeking changes to the deal’s drug pricing and labor enforcement provisions.

### **‘Bomb Cyclone’ Hits the Heartland**

An intense storm of snow and wind — known as a “Bomb Cyclone” — pummeled this week through several states including parts of Colorado, Minnesota, Nebraska, North and South Dakota, Texas and Wyoming. It caused widespread flooding, power outages and canceled flights. Tornado watches were also in effect from Alabama up through the southeastern corner of Ohio.

Nebraska’s Lincoln Journal Star [reported](#) that heavy rains trapped cattle in fields, sending ranchers on rescue missions in 40 mile-per-hour winds. Colorado Public Radio, in a [rundown](#) of the damage, described how Gov. Jared Polis had to activate the National Guard to help stranded drivers on highways. And Adams Land & Cattle, based in central Nebraska, shared [photos](#) of some of the snow and flooding in surrounding areas.

### **Google Convenes on Food, Ag Tech At SXSW**

One of the more interesting food and agriculture events at SXSW in Austin, Texas, was hosted by Google, a company that’s not particularly involved in either sector (though its [venture capital arm](#) is).

Apparently interested in driving a broader conversation about technology in the U.S., the firm has convened a cross-sector [working group](#) on food and ag tech called [Refresh](#) that’s focused on innovations like artificial intelligence and machine learning. The project, which put out

a [report](#) last year, is funded by Google and Swell Creative Group, a Los Angeles-based firm that specializes in campaigns.

The daylong Refresh event at SXSW was hosted at Google Fiber, a division of the tech giant focused on broadband service. Visitors were greeted with a large farmers market display with a wall of fruits and vegetables, chef demos, fresh squeezed juices, and insect-based snacks. It also featured a series of panels on topics like women in tech and farming.

There was nothing that compared to the enthusiasm that SXSW festival goers had for Cheeselandia, a multiday pop-up that featured some 3,000 pounds of Wisconsin cheese.

It's the second year Dairy Farmers of Wisconsin and Wisconsin Cheese hosted a mega cheese fest at SXSW.

On the plant-based side of things, JUST Eggs, a mung-bean product designed to mimic eggs, was all over SXSW. The company hosted a boozy brunch with Beyond Meat and other upstart food companies where they served JUST Egg breakfast tacos. The product is about to [roll out nationally](#) at a few major national retailers.

### **Murkowski Pans FDA's GMO Salmon Clearance**

More than three years after FDA approved genetically engineered salmon as safe for human consumption, it looks like the product might be headed to market. FDA announced it's dropping an import alert that had banned GE salmon and salmon eggs from entering the U.S. since 2016.

Sen. Lisa Murkowski (R-Alaska), who backed a spending bill provision blocking the fish from entering commerce until FDA finalized labeling guidelines to inform consumers the product was genetically modified, slammed the agency's decision as "wrong-headed."

"I am not going to back down and will continue my fight to ensure that any salmon product that is genetically engineered be clearly labeled," Murkowski said in a statement. "USDA's new guidelines don't require adequate mandatory labeling and don't suffice as giving consumers clear information."

Not FDA's problem anymore? The agency [determined](#) it did not need to finalize those labeling guidelines because the 2016 law, S. 764 (114), requiring disclosure of genetically engineered ingredients nationwide applies to salmon, essentially taking the product out of FDA's purview. Without additional interruptions, the salmon could be on the market as early as 2020. Massachusetts biotech developer AquaBounty expects to be able to import eggs in the next few weeks and soon be able to grow 1,200 metric tons of fish at its Indiana facility — enough to supply a national retailer.