

News from Washington: July 15-19

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EPA Keeps Chlorpyrifos On Fields, For Now

The agency announced Thursday that farmers can continue to use chlorpyrifos, rejecting a request from environmental groups to ban the pesticide that research has linked to causing brain damage to children.

After reviewing a petition by the organizations, EPA determined the scientific evidence isn't strong enough to justify removing the pesticide, which is developed by Corteva, from the market.

"For more than 50 crops, chlorpyrifos is the only line of defense and a cost-effective crop protection tool for farmers," Agriculture Secretary Sonny Perdue [tweeted](#) Thursday. "We appreciate the @EPA's support of American farmers and producers in its commitment to fact-based regulatory oversight of crop protection tools."

An EPA spokesperson said the issues environmental groups raised will be addressed through the agency's review of chlorpyrifos' registration, which will be expedited "in response to requests from the public." That review "should be completed well before the 2022 statutory deadline." The groups behind the court order blasted Thursday's announcement.

"By allowing chlorpyrifos to stay in our fruits and vegetables, [President Donald] Trump's EPA is breaking the law and neglecting the overwhelming scientific evidence that this pesticide harms children's brains," said Patti Goldman, an attorney for Earthjustice.

If environmentalists continue their push, which is all but certain, the dispute is bound to end up back in court. EPA will likely need to explain again why it doesn't believe the scientific evidence for banning chlorpyrifos is valid.

How Trade Aid 2.0 Could Take Shape

Now that OMB has completed its regulatory review of the Agriculture Department's second trade relief program, USDA could soon reveal new details about the payment rates and when producers can start signing up for checks.

So far, the department has kept farmers and forecasters guessing about the new rates, which will be determined by county rather than commodity — a shift from the 2018 aid program. Brent Gloy and David Widmar of Agricultural Economic Insights estimated on Monday that counties in the Mississippi Delta region could see the [highest payment rates](#). That's because soybeans, one of the commodities hit hardest by the trade war, account for a large portion of crop acreage in the region.

"Outside of the Delta, the largest payment rates across the Midwest will be in the heart of the Corn Belt," Gloy and Widmar wrote. "In these areas, soybeans are driving most of the payment math while corn is pulling the weighted average lower."

Under the first trade aid program, the bulk of the direct payments were earmarked for soybean production, while corn growers received just one penny per bushel. This year, the county rates are likely to vary widely, and most producers could receive less than \$50 per acre of eligible crops, the economists wrote.

The program has been under review at the White House since early June. Ted McKinney, USDA undersecretary for trade and foreign agriculture, told House lawmakers last month that “we’ll have to see what comes out of the OMB” in terms of the county payment rates. A USDA spokesperson didn’t answer questions about when new information for the program will be released.

Hurricane Barry Brings More Headaches for Farmers

The Category 1 hurricane has brought more flooding to Gulf Coast states, prompting evacuations, causing power outages, [swamping farmlands and stranding cattle](#). Barry weakened to a tropical depression on Sunday but continued dumping rain on Louisiana, pushing some rivers to dangerous levels.

Cargill and other agribusiness giants [shuttered their Louisiana grain elevators](#) last week as the storm bore down on the biggest ports for U.S. farm exports. Soybean, cotton and sugar cane fields were also in Barry’s path. A heat wave is projected to hit the Midwest after the storm heads north, sending farmers on a [roller-coaster ride of extreme weather](#), AccuWeather writes.

Heavy rainfall and flooding this year have already caused unprecedented delays in planting crops, as well as a major slowdown in barge traffic along the Mississippi River, a crucial waterway for grain shipments. (Damage estimates from the latest storm will likely take time for state officials to compile.)

The Mississippi River Delta region has faced some of the worst flooding, affecting farmers and other industries and causing problems like sewage backups and swarming mosquitoes. “This region will probably bear the lion’s share of the cost when it’s all said and done,” Greenville, Miss., Mayor Errick Simmons said last month.

Cloudy Forecast for U.S.-China Talks

Officials in Washington and Beijing weren’t exactly ebullient about the prospects for trade negotiations, a day after Trump dusted off his old tariff threat and as China has yet to fulfill any large purchases from U.S. farmers.

A Chinese government spokesperson said Trump should “make up his mind” on whether he wants a trade deal or not, warning that his comments about slapping duties on another \$325 billion in Chinese goods could derail progress, [the South China Morning Post reports](#).

Meanwhile, Commerce Secretary Wilbur Ross questioned whether Beijing is willing to resume talks on Washington’s terms after backing out of its previous commitments in May, prompting negotiations to fall apart.

Treasury Secretary Steven Mnuchin has said he and U.S. Trade Representative Robert Lighthizer might visit Beijing if their phone discussions with Chinese officials this week are productive.

Trump’s WOTUS, H-2A Rules Roll On

The 489-page rule released Monday to modify the H-2A visa certification process would also alter the calculations used to set minimum wages for guest-workers, among other changes aimed at overhauling the Labor Department program that farmers increasingly rely on amid a chronic labor shortage.

Under the proposal, DOL would set specific wage rates for various agricultural occupations, rather than use a single minimum wage rate per state. The rule would also boost certain protections for workers, like guaranteeing that housing and accommodations provided by farmers are up to federal standards, and it would give employers the option of staggering the entry of H-2A workers authorized under a single application.

Meanwhile, the EPA has sent the White House its final rule to repeal the Obama administration's Waters of the U.S. rule. It's Part 1 of the EPA's plan to "repeal and replace" the previous WOTUS rule by December. But legal battles are ongoing in courts across the country over the validity of the 2015 rule.

The White House has also launched its review of a final Homeland Security rule that could block immigrants from becoming permanent residents if they've received certain government benefits or are deemed likely to do so in the future. That would include the Supplemental Nutrition Assistance Program.

Russia, China Look to Expand Soybean Trade

As U.S. soybean exports to China have plummeted amid the trade war, Beijing has turned to other countries to fill its demand and diversify its supply chain. Now China and Russia are looking to "deepen trade in soybeans and other agricultural products," according to Chinese Commerce Minister Zhong Shan, reports the South China Morning Post.

Presidents Xi Jinping and Vladimir Putin [last month agreed](#) to increase their bilateral trade from \$107 billion in 2018 to \$200 billion a year. The closer agricultural ties come as both China and Russia are facing significant tension with the U.S.

It's unlikely Russia will be able to replace U.S. soybeans in the long run, said He Yuxin, a soybean analyst at Sublime China Information in Shandong.

Trump's top negotiators held a phone call with Chinese trade officials for the second time since Trump and Xi agreed to a ceasefire last month. Treasury Secretary Steven Mnuchin has said that he and U.S. Trade Representative Robert Lighthizer could travel to Beijing for in-person talks if their chat this week was productive.

Pressure Rising to Vote on USMCA

U.S. Trade Representative Robert Lighthizer met with Speaker Nancy Pelosi and House Ways and Means Chairman Richard Neal on Tuesday to take stock of their progress negotiating changes to the new NAFTA deal that could clear the way for a House vote on the trade pact. Trump's trade chief is set to meet again today with the Democratic working group to continue talks about labor, enforcement, drug pricing and environmental provisions in the USMCA.

On the other side of the Capitol, Senate Republicans held a "colloquy" to talk up the need for swift ratification, as the window for approving USMCA this summer rapidly comes to a close.

Japan Farm Deal on The Fast-Track

U.S. and Japanese officials are furiously negotiating a limited trade deal focused on agriculture and automobiles, hoping for a handshake between President Donald Trump and Prime Minister Shinzo Abe potentially in late August at the G-7 meeting in France.

Reaching an agreement with Tokyo is a priority for U.S. farm groups, who fear they're losing ground to competitors like Australia and Canada now that the new 11-nation Pacific trade pact is in effect without the U.S.

"We are going to continue to hemorrhage market share unless we quickly get the same market access our competitors have in Japan," David Herring, president of the National Pork Producers Council, said at a House Agriculture hearing on Tuesday. Trade talks with Japan "can't move quickly enough, as far as we are concerned," Herring said.

USDA Preparing Origin of Livestock Rule

At a House Ag hearing on Wednesday, Ibach told lawmakers the department will release an origin of organic livestock rule later this year — but he didn't specify if it will be a proposed rule or final one. That prompted some members to pounce on Ibach, chastising USDA for delays in issuing guidance to livestock producers about how to transition to organic, our Liz Crampton reports.

The organic industry has been frustrated with USDA for scrapping an Obama administration proposal. That rule would have closed a loophole allowing a one-time transition of a conventionally raised cow or entire herd into the National Organic Program if the animal or herd was treated under organic standards for a year. Producers say that practice undercuts those who follow organic rules from calf to cow.

"The continued allowance of this practice is disrupting the marketplace, putting certifiers, farmers and buyers potentially at odds and risking the overall integrity of the seal," the Organic Trade Association [wrote to Ibach in February](#).

In response to lawmakers' concerns, Ibach said USDA will work to quickly draft a new rule.

The House's fiscal 2020 Agriculture appropriations bill includes language that would direct USDA to issue a final rule, based on the scrapped one, no later than 180 days after the law is signed. No word yet on whether that provision will be in the Senate measure.

USDA Sticks to Its Guns on Research Controversies

Scott Hutchins, USDA's deputy undersecretary for research, education, and economics, defended the Trump administration's approach to agricultural research amid harsh criticism from Democrats on the Senate Agriculture Committee on Thursday.

Several attacked the department for abruptly moving the Economic Research Service and the National Institute of Food and Agriculture — which is expected to result in mass attrition — and for not publicly promoting its own scientific findings and work on climate change.

After POLITICO reported Thursday that USDA officials had suppressed a sweeping plan for studying and responding to climate change, Hutchins told the committee the department never intended to make the report public, but added he had "no problem" with it being released.

Several USDA agencies contributed to the 33-page, multiyear plan, which outlines how the department should help agriculture understand, adapt to and minimize the effects of climate change. It acknowledges climate change is already affecting farmers and ranchers as well as forests.

Hutchins dodged specific questions from Senate Agriculture ranking member Debbie Stabenow about USDA's public communication of its climate work, but insisted the research is ongoing.

"The climate work... is expansive and robust," Hutchins said. He correctly noted that hundreds of climate-related studies have been published by USDA scientists in scientific journals — something that hasn't been in dispute.

However, USDA has largely stopped publicly acknowledging this work in press releases, blog posts, social media and other platforms.

Pressure Builds on USDA's GIPSA Rules Reboot

Sen. Jon Tester (D-Mont.) and Rep. Marcy Kaptur (D-Ohio) are seeking signatures for a draft letter they plan to send to USDA Undersecretary Greg Ibach, urging him to ensure that any new rules proposed under the Packers and Stockyards Act prioritize supporting the needs of small, independent cattle ranchers, hog farmers and contract poultry growers.

The duo started circulating the letter on Capitol Hill last week and will continue to gather signatures next week. So far, Rep. Chellie Pingree (D-Maine) and Sen. Chuck Grassley (R-Iowa) have signed on.

USDA issued a notice of proposed [rulemaking](#) in June indicating it would revisit the so-called GIPSA rules and seek to clarify specific actions on the part of "packers, swine contractors, or live poultry dealers" that would constitute a violation. The 1921 act protects farmers and ranchers from unfair practices by packers, processors and dealers.

Earlier in the Trump administration, Perdue provoked a legal challenge by scrapping an Obama-era interim final rule that would have lowered the bar for producers to sue packers or processing companies. Perdue also didn't take action on a proposed GIPSA rule to shield contract growers from unfair practices.

The Tester-Kaptur letter asks Ibach, USDA's regulatory lead, to affirm that farmers don't need to prove sector-wide anti-competitive behavior in order to sue, and seeks a number of other protections. Courts have ruled that farmers can only file suit if they show harm to their entire sector — a caveat due to the law's resemblance to existing antitrust statute. Advocates for small farmers argue the text of the law is clear that complainants only need to prove individual tort.

The letter also calls on USDA to ensure packers are not providing "preferential marketing arrangements" to large livestock feeders and excluding smaller, independent farmers. USDA did not respond to a request for comment.

EU Beef Deal Set for Signing

EU nations on Monday approved an agreement to expand the amount of hormone-free beef that U.S. producers can export to Europe, clearing the deal for an official signature in Brussels "at the earliest possible date."

Under the pact, U.S. farmers have exclusive rights to 35,000 tons out of the EU's annual 45,000-ton quota — but the full share will be phased in over seven years. Beef export competitors like Australia, Argentina and Uruguay reluctantly signed off on the readjusted shares, knowing that rejecting the deal likely would have ended the quota system altogether.

Negotiations toward a U.S.-EU deal have stalled over Trump's threat to slap tariffs on European autos, Brussels' resistance to including agriculture in negotiations, and other disputes.

ERS, NIFA Workers Reject Relocation En Masse

More than half of the employees at the Economic Research Service and the National Institute of Food and Agriculture who were tapped to be relocated to the Kansas City region have declined to accept their reassignment.

At ERS, 72 employees accepted relocation and 99 declined or did not provide a response by the deadline on Monday; and at NIFA, 73 employees agreed to move and 151 declined, according to a USDA spokesperson. Those figures could shift until Sept. 30, when staff are scheduled to report to the new Kansas City headquarters for duty.

The numbers appear to validate months of warnings that the relocation will cause a [brain drain at the agencies](#). ERS economists claim Perdue's plan will disrupt their research work, which includes publishing scientific reports that can influence farm policy and agricultural markets.

The fresh figures are sure to come up on Thursday when the Senate Agriculture Committee hosts USDA Deputy Undersecretary Scott Hutchins for a hearing on the department's agricultural research. Ranking member Debbie Stabenow was one of about 20 Democrats who sent a letter to Perdue on Tuesday demanding answers about the relocation.

Meanwhile, over at Interior... The department on Tuesday laid out its plans for spreading the Bureau of Land Management's leadership staff across a dozen western states. The move has drawn comparisons to USDA's relocation effort, but the Interior Department has floated the idea of moving BLM out West for years and the plan has some bipartisan support.

Biden Proposes Taking Ag to 'Net Zero' Emissions

The 2020 contender on Tuesday said he would aim to make American agriculture the first in the world to achieve net-zero emissions if elected.

That goal is part of a sweeping [rural policy platform](#) the former vice president unveiled during appearance in Manning, Iowa, on Tuesday. The plan also calls for revamped trade policy to boost exports, investment in renewable energy and more support for regional food systems.

"Many farmers are some of the best stewards of our land, air, and water," the Biden campaign said in the plan. "As president, Biden will ensure our agricultural sector is the first in the world to achieve net-zero emissions, and that our farmers earn income as we meet this milestone." The document also said farmers should be able to participate in carbon markets, with the goal of creating new revenue streams.

"Soil is the next frontier for storing carbon," the plan says.

The plan was noticeably less focused on anti-trust issues compared with those from Elizabeth Warren and Bernie Sanders. Biden didn't explicitly call for breaking up companies or blocking future mergers. Instead, a Biden administration "will protect small and medium-sized farmers and producers by strengthening enforcement of the Sherman and Clayton Antitrust Acts and the Packers and Stockyards Act," the campaign said.

A whole section of plan is dedicated to rural health care issues, an important but often-overlooked farm policy issue. Biden said he would protect the Affordable Care Act, boost funding for rural hospitals and do more to deploy telehealth options.

Walmart's Role in Taking on Poultry Giants

The Arkansas-based retail titan is among dozens of plaintiffs in separate cases alleging that big poultry processors conspired over eight years to underpay suppliers and overcharge restaurants, retailers and wholesalers.

Walmart is a dominant corporate giant not afraid to buy up competitors and stake out turf in new markets. But legal experts say Walmart's involvement adds heft to the lawsuits, now moving through an Illinois district court.

"You have to be one of the big dogs to get any reaction," said former Missouri Lieutenant Gov. Joe Maxwell, a hog farmer and executive director of the Organization for Competitive Markets, which represents independent farmers and ranchers.

Foodservice distributor Maplevale Farms, Inc. filed a suit in 2016 against Tyson Foods, Sanderson, Koch Foods and other processors that represent nearly the entire market. Several large distributors including Sysco, US Foods and Walmart joined Maplevale. But in 2018, the companies started filing separate cases against the poultry giants — a move that antitrust experts see as a sign of confidence in their claims.

Walmart, one of Tyson's biggest accounts, didn't name Tyson in its individual suit. The processors have denied any anti-competitive behavior.

Now the Justice Department appears to be involved. DOJ issued subpoenas in the Maplevale case earlier this year and directed the Illinois court to stop discovery — an indication that the government could be preparing legal charges.

Agricultural antitrust issues have already received significant attention among Democratic presidential contenders. On Tuesday, the debate is likely to come up at a House Ag hearing on the livestock and poultry sectors. And family farmer advocates will host a news conference and Capitol Hill briefing to address "widespread abuse at the hands of the nation's largest meat companies," also on Tuesday.