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by Steve Kopperud  
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## **Congress Heads Out of Town After Disappointing July; Returns Until Post-Labor Day**

House members packed their bags and headed out of town last week, and the Senate will follow early this week, with GOP members still mumbling about Sen. John McCain (R, AZ) whose “nay” vote killed the Senate’s “skinny” Affordable Care Act (ACA) repeal/reform bill. He was aided and abetted by Sens. Lisa Murkowski (R, AK) and Susan Collins (R, ME), as well as all Senate Democrats, in voting to stop the measure from further Senate floor consideration, including debate, amendments and final approval. Had McCain voted in the affirmative, the vote would have been tied and Vice President Mike Pence would have cast the deciding vote to move the measure forward. Senate Majority Leader Mitch McConnell (R, KY) intended keeping the chamber in session through the first two weeks of August to complete work on the measure, but with the defeated procedural vote, McConnell allowed the chamber to go home until after Labor Day.

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## **Trump Nominations**

**McKinney, Clovis Nominated for USDA Under Secretary Jobs** – As expected President Trump last week nominated Indiana’s top ag official, Ted McKinney, to be the first under secretary for trade and foreign agricultural affairs, an export-focused position created in the 2014 Farm Bill. The president then poked a hornets’ nest in nominating Dr. Sam Clovis, long-time Trump political confidant, to be undersecretary for research, education and economics, generally seen as USDA’s top scientist job. Ag Secretary Sonny Purdue praised McKinney, a close friend of former Indiana Governor, now Vice President Mike Pence and a long-time Elanco and Dow AgroSciences executive, saying the Hoosier will “wake up every morning asking how we can sell more American agricultural products in foreign markets.” Clovis, who headed Trump’s USDA transition team, has become “a trusted adviser and a steady hand at USDA,” Purdue said.

**Ag Groups Back Censky for USDA Number Two Job** – Nearly 40 state and national agriculture groups, including the American Feed Industry Assn. (AFIA) and the National Grain & Feed Assn. (NFGA), along with a handful of companies, last week sent the Senate Agriculture Committee a letter endorsing the nomination of American Soybean Assn. (ASA) chief executive Steve Censky to be USDA’s deputy secretary, the department’s number two job and the post responsible for implementing policy and keeping the administrative ship on an even keel. The groups said, “Our organizations strongly endorse (Censky’s) nomination and respectfully request expeditious confirmation of his candidacy,” adding Censky is “uniquely qualified to hold the post” given his Minnesota farm upbringing, his career experience on Capitol Hill and in previous Republican administrations, and his tenure at ASA.

**Clovis Nomination Under Fire for Lack of Science Background, Crop Insurance Statements** – The chest beating of some critics will likely not derail Trump campaign veteran Dr. Sam Clovis’ nomination to be under secretary for research, education and economics because the man enjoys broad cultivated political support both inside USDA and among the ag community. Last week, the

Senate Agriculture Committee received a letter signed by 22 national ag groups supporting the Clovis nomination. Critics say Clovis isn't qualified to be what's conventionally seen as USDA's top scientist, given his PhD is in economics. However, Senate Agriculture Committee Chair Pat Roberts (R, KS) has put Clovis on notice that the man's previous statements about the "constitutionality" of the federal crop insurance program have come back to haunt Clovis. A member of the Iowa Tea Party, Clovis told a radio interviewer in 2013, during an unsuccessful bid to unseat then Sen. Tom Harkin (D, IA), that federal "subsidized" crop insurance is not explicitly authorized by the Constitution. Roberts, who's arguably the biggest congressional defender of crop insurance, has held extensive discussions with President Trump and others in the White House to ensure the program is not targeted for budget cuts, and said during a committee Farm Bill hearing last week, "If there is some nominee coming before this committee who says crop insurance is unconstitutional, they might as well not show up." Ranking panel member Sen. Debbie Stabenow (D, MI) shares Roberts' protection of crop insurance. Clovis, in his role at White House liaison to USDA and a senior advisor to Agriculture Secretary Sonny Perdue, has since told reporters the crop insurance program needs to be protected as a matter of national security.

### **Callista Gingrich, former House Ag Committee Chief Clerk, to be Ambassador to the Vatican**

– Callista Gingrich, wife of former House Speaker Newt Gingrich, has been nominated to be U.S. ambassador to the Vatican. Gingrich worked as chief clerk on the House Agriculture Committee until 2007, and is now president of Gingrich Productions, a documentary film company, including one about Pope John Paul II. During her confirmation hearing before the Senate Foreign Relations Committee last week, Gingrich was in the hot seat defending Trump's decision to pull out of the Paris Accord on climate change. Saying she believes in climate change and that human behavior is at least partially responsible, she told skeptical Democrat Senators Trump wants to be an environmental leader, and the White House is not "backing off" its commitment to "our clean air and our clean water." Sen. Jeff Merkley (D, OR) said he must have missed any such public statements by the president, saying, "I wish it were so. I'm not persuaded."

**CFTC Nominees Get Day Before Senate Ag Committee** -- President Trump's three nominees to be Commodity Futures Trading Commission (CFTC) commissioners, enjoyed a relatively noncontroversial confirmation hearing last week, breaking ranks only when it came to a push to lower the exemption for registering as a swaps dealer. Born on a Texas ranch, GOP commissioner nominee Dawn DeBerry Stump, a former House and Senate Agriculture Committee staffer charged with CFTC and futures market issues, and later a lobbyist for the International Futures Association (IFA) and head of her own consulting firm, took some flak from critics earlier in the week for the salary she pulled down as an advocate for an industry she now seeks to regulate. While she and fellow nominee Democrat Russ Benham, a former ag counsel to Sen. Debbie Stabenow (D, MI), have both wrestled with the swaps question during their ag panel tenures, Brian Quintenz, a second GOP nominee who worked on the Hill and a former fund manager, allowed cattle producers have "reasonable" concerns about swaps market volatility. The nominations should come before the full Senate in September.

### **Brownback to be Nominated as Ambassador-at-Large, International Religious Freedom**

– Kansas Gov. Sam Brownback, a former House member and Senator and a member of the Senate Agriculture Committee, will be nominated by President Trump to be ambassador-at-large for international religious freedom, a position created by the International Religious Freedom Act of 1998, legislation for which he was a key sponsor. Brownback was first elected governor in 2011 and was re-elected in 2014, and is not eligible to serve a third consecutive term.

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## EPA Notes

**E15 Bill Fails in Senate** – Bipartisan Senate and House bills to allow a 15% ethanol/gasoline blend (E15) to be sold all year long rather than just during the warmer summer months was expected to pretty much sail through Congress this summer. However, that didn't happen last week because of lots of policy riders making the legislation untenable. Ultimately, the bill couldn't muster enough votes from either side of the aisle in the Senate Environment & Public Works Committee to move to the Senate floor. Committee Chair Sen. James Inhofe (R, OK) also said the Renewable Fuels Standard (RFS) and other aspects of the underlying law that authorizes the fuel blending program, need to be addressed as well. The Senate bill – and its House companion – would change the Clean Air Act (CAA) to eliminate a section that restricts the sale of E15 to the beginning of June to through mid-September because of the Reid Vapor Pressure restrictions that are meant to control ozone pollution. The bill was supposed to be a short and sweet technical fix. When the bill was identified as a legislative train that could carry other environmental pet projects, its way forward was blocked. The ethanol industry isn't happy with the committee breakdown, but vows the E15 fight isn't over.

**EPA 'Overhaul' Coming, Closing of Regional Offices?** – One of those bound-to-drive-activists-crazy reports hit the streets last week when Agri-Pulse reported EPA Administrator Scott Pruitt is floating an idea within the agency that would shutter the agency's 10 regional offices, and reassign the key EPA personnel to EPA offices within each of the country's 50 capital cities. Apparently there is a lot of chatter about the potential shakeup in Pruitt's home state of Oklahoma where he traveled last week to speak to the state Farm Bureau. Pruitt earlier swatted down a rumor he was looking to shut down the EPA Chicago office, calling the talk "pure legend." An EPA spokesperson said Pruitt is a big believer in "his responsibility to find the best and most efficient way to perform environmental protection," but no regional office closings are planned "for the foreseeable future." The agency's offer of buy-out to 1,200 of its 14,500 employees has generated interest from about 440 workers, with about half in the Washington, DC, office.

**WOTUS Clock Ticking on Withdrawal** – EPA and the U.S. Army Corps of Engineers formally published last week a proposed rule to rescind the agency's controversial "waters of the U.S. (WOTUS)" final rule and begin the process of collecting public comments on how best to replace the rule on EPA/Corps jurisdiction under the Clean Water Act (CWA). A 30-day public comment period has begun, and 19 environmental groups, 22 Senators and more than 70 House members seeking to protect WOTUS, say they need more time given the agency says it "will engage in a substantive re-evaluation of the definition of 'waters of the United States.'" The two agencies said the public comment solicitation is the first of a two-step process to redefine WOTUS, and the 30-day period is designed to move through the evaluation quickly to provide "regulatory certainty." The rule published last week mirrors President Trump's executive order issued February 28 to rescind and replace the WOTUS rulemaking. While the White House said at that time it's committed to keeping the nation's water free of pollution, it must "at the same time promote economic growth, minimizing regulatory uncertainty, and showing due regard for the roles of Congress and the states under the Constitution." The U.S. Supreme Court is scheduled to hear October 11 a case brought by several states and other interests on whether WOTUS challenges should be heard by federal district court or federal appeals court. The rule has been held in abeyance since those actions were certified by federal courts in September, 2015.

**Federal Court Rejects EPA "Waiver" Decision on RFS Ethanol Levels** – The U.S. District Court for the District of Columbia says EPA was wrong when it used its so-called "waiver authority" to lower 2014-2016 ethanol volumes under its Renewable Fuel Standard (RFS) program. The ethanol industry has argued consistently the agency should be setting RFS fuel blending mandates at higher levels as stipulated and laid out specifically by the original RFS law. The waiver authority cited by the agency allows EPA to set lower blend volumes than those set by in law by Congress if it can be shown domestic production of biofuels will not be sufficient to meet the levels set in the law. However, in the 2014-2016 RFS announcement, EPA said it lowered the blend mandate because of

lower ethanol demand. The court said “insufficient supply” and “insufficient demand” are not the same thing when it comes to use of the waiver authority under the law. “We reject EPA’s attempt to bootstrap the definition of ‘renewable fuel’ into a boundless general waiver authority,” the court said in its unanimous decision on the waiver authority part of the challenge. However, the court also said EPA doesn’t have to deal with which companies are obligated for complying with the program in its annual rules; EPA does have separate waiver authority to reduce blend mandates for cellulosic ethanol, and the agency doesn’t have to consider left over RFS credits when setting future volumes.

**Senators Want Chlorpyrifos Banned** – A bill to ban the pesticide chlorpyrifos has been introduced by Sen. Tom Udall (D, NM) and several Democrat cosponsors, and if enacted would effectively outlaw the crop chemical as a threat to children and others. The federal government, as well as governments in Europe and elsewhere, have found the pesticide safe under its conditions of use required by law. EPA denied a petition to ban chlorpyrifos at the end of March, and a federal appeals court denied an environmental group petition to enact the ban in April. While the Centers for Disease Control (CDC) lists the pesticide as a neurotoxin, Dow Chemical said in a statement last week, “Current regulatory safety standards for chlorpyrifos rest on five decades of experience in use, health surveillance of manufacturing workers and applicators, and more than 4,000 studies and reports examining the product in terms of health, safety and the environment.” If used as authorized and as directed, the chemical offers wide margins of protection for human health and safety, the company said. EPA said it will continue to evaluate potential risks as part of its ongoing registration review process.

**EPA Told to Clean Up Superfund Sites** – EPA Administrator Scott Pruitt created a task force in May to report back on how the agency should handle all those Superfund sites not getting appropriate agency attention. The message he received last week was short and sweet: Clean up the sites and clean them up fast. The report carried 42 recommendations, and those dealing with Superfund and other toxic sites said these neglected sites need attention now; climate change can wait. The report was compiled by the Center for Health, Environment & Justice, which reported EPA cleaned up 88 sites in 1997, and only eight in 2014.

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## Farm Bill Update

**AFBF and Farm Bill Priorities** – The American Farm Bureau Federation (AFBF), arguably the biggest player in the evolution of the 2018 Farm Bill, laid out last week for House and Senate lawmakers its big priorities for the new omnibus farm program package. Despite warnings from both committees that baseline funding for the bill won’t be as high as many want, AFBF pushed for spending in key areas in obvious excess of what’s likely going to be available. The AFBF board, stressing its priorities are “not set in stone,” wants Congress to “counter a steep, four-year drop in commodity prices” that’s left farmers in the worst shape since the 1980s. The “safety net of crop insurance” needs to be protected, but the world’s largest farm group wants to see program expanded. The board wants to see Agriculture Risk Coverage (ARC) adjusted so that county-payment levels would increase subsidies on corn, soybeans, wheat and other commodities, with similar enhancements to the PLC program. It wants to see cotton growers eligible for program payments, and it wants to see adjustments and refinements to the dairy Margin Protection Program (MPP) to make it more attractive to producers. The \$20-million annual cap on livestock insurance policies needs to be hiked to \$75 million, AFBF says. “Robust” funding is needed for conservation programs, and research programs need to be funded so that agriculture “is on the cutting edge of new technology.

**Ag Coalition Calls for Farm Bill FMD Vaccine Bank** – Food-and-mouth disease (FMD), should it establish itself in the U.S., has economic, food and national security implications, and the federal government must set up and maintain an FMD vaccine bank as part of the 2018 Farm Bill. In a letter to the House and Senate Agriculture Committee last week, a coalition of more than 100 groups said a U.S. FMD outbreak “will have a devastating effect on all of agriculture – not just livestock producers – and will have long-lasting ramifications for the viability of U.S agriculture and food production, security and affordability.” Iowa State University says a U.S. FMD outbreak would slam shut nearly all export markets for beef and pork, creating significant surpluses in the U.S., and without a vaccination program, would cost industry \$128 billion over 10 years. Corn and soybean growers would lose \$44 and \$25 billion, respectively, over a decade, with job losses topping 1.5 million in the same period. The vaccine bank needs to be established because currently the U.S. does not have access to enough FMD vaccine to handle more than a small, localized “disease event.” Creation of such a “robust” vaccine bank is estimated at \$150 million a year, and the cost “pales in comparison to the economic consequences” of an FMD outbreak.

**It's Farm Bill Time, Grassley Talks Payment Limits** – During last week’s Senate Agriculture Committee Farm Bill hearing, Sen. Chuck Grassley (R, IA) once again vented frustrations and demanded omnibus farm program limits on how much farmers receive as part of the federal income safety net created and funded by the bill. Rolling out his quadrennial call for limits, Grassley wants to limit each eligible farm to a single eligible “manager,” and cap payments at \$125,000 a year for individuals and \$250,000 for couples. The 2014 Farm Bill exempted “family farms” as defined by USDA from the “actively engaged” definition of an eligible farmer, and Grassley said last week during the hearing this loophole allows non-family members to receive payments. “Giving non-farmers subsidies is completely indefensible, especially when we have a \$20-trillion debt,” he said. “Mr. Chairman, I’m trying to help you...as we try to help farmers that really are on the land and doing the work.” Committee Chair Pat Roberts (R, KS) assured Grassley: “Message received.”

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## **USTR Releases NAFTA Negotiating Priorities**

The U.S. Special Trade Representative (USTR) released U.S. formal negotiating priorities for the tripartite discussions among the U.S., Mexico and Canada to modernize the North American Free Trade Agreement (NAFTA). USTR Ambassador Robert Lighthizer said the U.S. is seeking a deal that cuts the U.S. trade deficit and improves U.S. market access in both North American neighbor countries for agriculture, manufacturing and services.

Lighthizer focused on trade deficit reduction, noting since 1994 – NAFTA’s first year – the U.S. bilateral goods trade balance with Mexico has ballooned from a \$1.3-billion surplus to a \$64-billion deficit in 2016. Access issues with Canada, including those surrounding dairy, wine, grain and other agricultural products, can’t be adequately addressed under the current agreement, Lighthizer said.

The U.S. wants to add a digital economy chapter to the new NAFTA, and strengthen existing labor and environmental protections. There is also a priority on updating the sanitary/phytosanitary standards (SPS) of the deal to more resemble the chapter agreed to in the Trans-Pacific Partnership (TPP) treaty from which the U.S. has withdrawn.

Under the ag section, the number one objective is maintaining existing reciprocal duty-free market access, part of the pledge from the White House to “do no harm” to existing trade benefits enjoyed by ag traders. The U.S. wants to expand competitive market opportunities in NAFTA countries equal to those enjoyed by those nations in the U.S. marketplace by reducing or eliminating any remaining tariffs. Further, the U.S. will seek to eliminate non-tariff trade barriers, including discriminatory

barriers, restrictive administrative tariff rate quotas (TRQ), “other unjustified measures that unfairly limit access for U.S. goods, such as cross-subsidization, price discrimination and price undercutting.”

The SPS section would create “enforceable obligations that build on World Trade Organization (WTO) rights and obligations, including science-based measures, good regulatory practice, equivalence and regionalization, making clear each country can for itself the level of protection it believes is appropriate to protect food safety, and plant and animal health...”

The U.S. wants to see a “mechanism to resolve expeditiously unwarranted barriers that block the export of U.S. food and agricultural products;” a new enforcement rule to ensure that science-based SPS measures are developed and implemented; improved communications, consultation and cooperation among governments to share information and work together, including on new technologies, and provide a mechanism for improved dialogue and cooperation on SPS issues.

The formal 17-page text of the U.S. priorities can be found here: <https://ustr.gov/about-us/policy-offices/press-office/press-releases/2017/july/ustr-releases-nafta-negotiating>.

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## **Ag Cautiously Supports White House NAFTA Objectives**

Cautioning the devil is in the details, most of organized agriculture cautiously supports the Trump administration’s priorities for renegotiating the North American Free Trade Agreement (NAFTA), and various involved cabinet secretaries downplayed any rhetoric or press statements that might take the bloom off the rose.

Downplaying Mexico’s threat to start buying grains and oilseeds from countries other than the U.S. if its NAFTA dreams don’t come true, or the Canadian prime minister’s recent declaration to the media his country will “defend supply management,” Agriculture Secretary Sonny Perdue said he doesn’t believe either statement is particularly serious because both nations’ understand and value the multiple economic benefits of the 22-year-old trade treaty.

However optimistic Perdue may be, House Agriculture Committee Chair Mike Conaway (R, TX), joined by former committee chair Rep. Frank Lucas (R, OK) and Rep. Tom O’Halloran (D, AZ), said during Conaway’s NAFTA hearing last week he wants to see a quick resolution of what he calls “NAFTA 2.0.” Conaway warned that the current “political uncertainty” surrounding the Mexican border has already cost corn producers a 4% drop in sales south of the border, along with a 13% drop in sales of soybean meal over last year’s levels.

A House Ways & Means Committee hearing last week showcased ag groups which are upbeat but still nervous about the ultimate outcome of modernizing NAFTA. Nearly all farm group witnesses warned lawmakers the talks, if not handled properly, could backfire on U.S. farmers. “We will break down the remaining barriers in Canada and Mexico, but we must also preserve the good that NAFTA has done in enhancing U.S. strength and increasing competitiveness,” said Rep. Dave Reichert (R, WA), chair of the subcommittee on trade which held the hearing.

The National Cattlemen’s Beef Assn. (NCBA) agreed with the Trump’s market access priority for U.S. goods, though it acknowledged in a statement, “It is difficult to improve upon duty-free, unlimited market access to Canada and Mexico.” NCBA allowed the U.S. Special Trade Representative (USTR) should focus efforts on duty-free access and sanitary/phytosanitary (SPS) measures, but “leave alone the terms of NAFTA that have greatly benefited the U.S. beef and cattle industry.”

The International Dairy Foods Assn. (IDFA) was also cautiously optimistic, and “encouraged to see several key priorities for the U.S. dairy industry are reflected in the administration’s objectives.” IDFA wants the U.S. to address Canadian dairy pricing and market access issues. “Canadian tariffs on some U.S. dairy products are nearly 300%,” IDFA said. Also on IDFA’s radar will be strong U.S. opposition to geographic indicators on product names, adding “common food names should be aggressively preserved for domestic and international use.”

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## **Dems Want to Crack Down on Mega Corporate Mergers**

Pointing at the pending mergers of Bayer AG/Monsanto, DuPont/Dow and Syngenta/ChemChina, several congressional Democrats last week said they will move to get tough with corporate monopolies, including those in food and agriculture.

Part of a new economic agenda called “A Better Deal,” congressional Democrats contend “the extensive concentration of power in the hands of a few corporations hurts wages, undermines job growth and threatens to squeeze out small businesses, suppliers and new, innovative competitors.” The ag chem mergers are highlighted as examples of this concentration of power and economic might, with the Democrats contending consolidation in agriculture will “hurt family operations that will have to pay more for inputs like seeds and pesticides, as well as increase food prices.”

The platform talks about new antitrust standards to limit big mergers and require the government to review “closed transactions” more often. The Democrat plan also envisions a new “competition advocate” to handle consumer complaints and recommend actions by the Federal Trade Commission (FTC) and the Department of Justice (DOJ).

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## **APHIS Confirms Alabama BSE Cow “Atypical”**

Federal screening procedures at a livestock market successfully caught and isolated an 11-year-old cow in Alabama showing symptoms of neurological disease, and USDA has confirmed the animal suffered from “atypical” bovine spongiform encephalopathy (BSE), the fifth confirmed U.S. case of the rare bovine disease. The animal was not slaughtered, never entered the food supply and presents no public health threat, USDA said.

The U.S. currently enjoys “negligible risk” status from OIE, the world animal health organization. OIE holds the finding of atypical cases of BSE does not affect a nation’s risk status for the disease and should not affect beef trade, USDA said.

As with three of the previous U.S. cases, the variety of BSE is L-type or atypical, meaning it is rare, occurs in cattle old than eight years and can occur spontaneously within any cattle population. The first cow in the U.S. found to have BSE – the classic variety – was discovered in 2003, and had been imported from Canada to Washington State.

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## **Farm Bill Schedules Speeding Up; Final Bill with “Fine Tuning” by End of Year?**

The evolution of the 2018 Farm Bill, which up to now has been guided by House and Senate agriculture committee hearings and listening sessions, is now on a list of major legislation in both chambers lawmakers would like to see completed by the end of 2017.

The 2014 omnibus farm program package expires September 30, next year.

At a House Agriculture Committee hearing this week, Chair Mike Conaway (R, TX) said he plans to begin drafting his version of the bill within the next two months, with an eye toward getting a bill to the floor this year to avoid any need for program extensions. At the latest, he said, he wants the bill on the House floor by the first quarter, 2018.

At last week’s hearing in the Senate Agriculture Committee that reviewed commodity programs and crop insurance, both committee Chair Pat Roberts (R, KS) and ranking panel member Sen. Debbie Stabenow (D, MI) said they foresee moving the basic 2014 omnibus farm program package with some relatively small changes. “Now is not the time for revolutionary change,” said Roberts. “Stability and predictability are the two key words.” Said Stabenow to the media, “We’re looking at fine tuning and not anything dramatic.”

Implicit in those statements, say observers, is acknowledgement the available tax dollars to pay for a new Farm Bill are not there, and congressional support for increasing the package’s baseline may be weaker than first thought. The closer a final Farm Bill votes get to the November, 2018, mid-term elections, the tougher it will be to hold together bipartisan support.

Roberts says he wants to move a bill as soon as possible, but stopped short of setting an end date. Committee member and Senate Majority Leader Mitch McConnell (R, KY) appeared at last week’s hearing to introduce a Kentucky witness, and told the panel he looked forward “to writing a new farm bill in 2018.” Roberts, who’s asked McConnell for two days of floor time for the bill when it reaches the floor, warned the Kentucky lawmaker he and Stabenow will be “knocking on your door” when they have consensus on the bill, and told reporters after the hearing, “We think that sooner is better than later.”

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## **Blumenauer Opts to Introduce His Own Farm Bill**

One of the most outspoken liberal member of the House, Rep. Earl Blumenauer (D, OR), a man who is no fan of current federal farm programs, said this week he plans to introduce his own omnibus farm legislation after releasing a report, “Growing our Opportunities: Reforming the Farm Bill for Every American.”

Blumenauer said in a statement his comprehensive food and farm legislation will “refocus federal resources on those who need it most, foster innovation, encourage investments in people and the planet, and ensure access to healthy foods.” He said he plans to introduce the bill this fall at a state event with local farmers, conservationists, chefs and nutrition advocates, “many of whom have engaged with (me) on ways the Farm Bill should be changed to better serve Oregon’s needs and improve our nation’s food and farm policies.”

The legislation, Blumenauer said, is the result of his “Sing Your Own Farm Bill” project, “a multi-year effort to engage a wide variety of stakeholders in creating “a more visionary, equitable, and cost-effective Farm Bill.” The Oregon lawmaker says he’s met with agricultural researchers, farmworkers, nutrition advocates, conservation interests, winemakers, nurseries, wheat growers, small and mid-sized farmers and ranchers, processors, agricultural policy advocates, and others.

Blumenauer says his bill will be focused on reining in excessive spending in commodity programs; cutting “wasteful crop insurance” and making it work better for farmers who need it; investing in the future of American farmers through increased resources and land access for beginning and small farmers; strengthening nutrition and feeding programs; reducing food waste and ensuring more resources go to the needy; reforming conservation programs to be more cost-effective and outcome-driven; enhancing innovative research and development of organic and sustainable agriculture, and focusing federal investments in local and regional food systems.

“For too long the Farm Bill has helped the wrong people grow the wrong food in the wrong places,” said Blumenauer. “We need the right food and farm policy that will help all families and farmers, as well as the environment.”

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## **Senate Legal Immigration Bill Embraced by Trump; Bipartisan Critics Want Broader Reform**

A rewrite of a focused February bill introduced by Sens. David Perdue (R, GA) and Tom Cotton (R, AR) designed to tighten legal immigration rules for entry to the U.S. was endorsed by President Trump this week in a White House ceremony. The bill – Reforming American Immigration for a Strong Economy (RAISE) Act – would effectively cut the number of legal immigrants by about 50%, but pits the White House against a bipartisan Senate bloc seeking broader federal immigration reform.

The bill would create a skills-based points system, similar to systems in place in Canada and Australia, replacing the current permanent employment visa system. Priority would be given to immigrants “who are best positioned to succeed.” Points are earned based on education, English-language ability, high-paying job offers, age, record of “extraordinary achievement,” and entrepreneurial initiatives. Priority would also be given to “immediate family households,” meaning spouses and minor children, and would end preferences for certain categories of extended and adult family members. The State Department’s so-called “diversity visa lottery” under which about 50,000 visas are allocated each year would disappear as it is “plagued with fraud, advances no economic or humanitarian benefit and does not even promote diversity.” The number of refugees offered permanent residency would be limited to 50,000 a year, in line with a 13-year average.

At the White House roll-out of the legislation, Trump, who campaigned on “merit-based” immigration reform, said, “The RAISE Act is legislation that would represent the most significant reform to our immigration system in half a century...(and) will create a merit-based immigration system that protects our economy, taxpayers, and American workers, while meeting the needs of the work force and encouraging innovation.”

Some lawmakers have already said the bill is too narrow in its rewrite of immigration law, and that any move to reform federal programs has to enhance the legal labor pool, not reduce it. Sen. Ron Johnson (R, WI), chair of the Homeland Security & Government Affairs Committee, cited his state’s dairy industry and its need for migrant workers. “I don’t want to limit what our economy needs,” Johnson told the media.

At the same time, Senators among the so-called “Gang of Eight” who wrote a comprehensive 2013 Senate immigration reform package that passed overwhelmingly, but ultimately died due to House inaction, said the bill ignores the challenge of 12 million illegal aliens in the U.S. and would be devastating to state economies which rely upon immigrant labor, and would end up “incentivizing illegal immigration.” At the same time, several Senators on both sides of the aisle are working alone and in teams on various aspects of immigration reform, but thus far Cotton and Perdue have shown little interest in broadening their bill’s scope to address such issues as border security.

The political outlook for the bill is at best iffy given several Republicans worry clamping down on the number of legal immigrants will further estrange Latino and Asian voting blocs coveted by lawmakers up for reelection. It’s equally politically problematic for 10 Democrats up for reelection in 2018 in states won by Trump last year, candidates who may feel compelled to vote for stricter immigration laws.

Cotton and Perdue say their bill will “spur economic growth and raise...wages by giving priority to the best-skilled immigrants.” The two southern lawmakers said in a joint statement, “For decades our immigration system has been completely divorced from the needs of our economy, and...wages have suffered has a result.”

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## Senate Ag Committee Approves CFTC Nominees

President Trump’s three nominees to be Commodity Futures Trading Commission (CFTC) commissioners, were formally approved by the Senate Agriculture Committee this week by voice vote.

Born on a Texas ranch, GOP commissioner nominee Dawn DeBerry Stump, a former House and Senate Agriculture Committee staffer charged with CFTC and futures market issues, and later a lobbyist for the International Futures Association (IFA) and head of her own consulting firm, took some flak from critics earlier in the week for the salary she pulled down as an advocate for an industry she now seeks to regulate. While she and fellow nominee Democrat Russ Benham, a former ag counsel to Sen. Debbie Stabenow (D, MI), have both wrestled with the swaps question during their ag panel tenures, Brian Quintenz, a second GOP nominee who worked on the Hill and a former fund manager, allowed cattle producers have “reasonable” concerns about swaps market volatility. The nominations should come before the full Senate in September

The CFTC’s full commissioner complement is five – three GOP and two Democrat. Currently, there are only two commissioners, Chair J. Christopher Giancarlo, and Democrat Sharon Y. Bowen, who has announced she’ll leave the commission when another Democrat is confirmed.

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## Trade Notes

**Tripartite NAFTA Line-up Nearly Set** – With the U.S. NAFTA priorities released last week, pegged to market access, and major announcements on process out of Mexico and Canada this week, the green light is almost lit for “modernization” talks to begin August 16. Mexico named its chief technical negotiator, Kenneth Smith Ramos, head of the trade and NAFTA office at Mexico’s embassy in Washington, DC. Ramos will work with Economic Secretary Ildefonso Guajardo and Undersecretary for Foreign Trade Juan Carlos Baker in leading the Mexican team. With NAFTA defined as a

cornerstone of the Mexican economy, the country's formal negotiating priorities as reported by Reuters this week focus on greater unfettered integration of North American markets, including free

access for goods and services, labor market integration and energy security. Mexico wants to preserve – as does U.S. agriculture – current free market access and tariff-free benefits of the treaty, but also wants tougher dispute resolution tools, a move likely not making the White House happy as Trump has said he'd like to dump the so-called Chapter 19 mechanisms. On agriculture, Reuters reports Mexico's priority is to unify agricultural, and health safety regulations. For its part, Canada announced creation of an advisory group to provide input on the talks. A NAFTA council of 13 members with broad expertise is in place, including several major politicians and government officials, and the goal is "furthering Canada's determination to promote Canadian interests and values in our bilateral relations with our main economic partner."

**Dems Resurrect Bill to Normalize U.S.-Cuba Trade** – Sen. Ron Wyden (D, OR) is the lead author, along with seven prominent Democrat cosponsors of a bill to reestablish normal trade relations with Cuba, while lifting other economic sanctions in place since the early 1960s. The bill is in response to President Trump's mid-June rollback of some steps taken by President Obama to normalize diplomatic and economic relations with communist Cuba. The U.S.-Cuba Trade Act would repeal several laws that codify the U.S. embargo of trade with the Caribbean island nation, so that the U.S. would enjoy normalized trade, investment and travel to Cuba. Wyden referred to the "failed policy of trying to isolate Cuba." "This bill presents an alternative vision – one that looks to the future and at fostering an exchange of ideas between the two countries."

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## **Iowa, Nebraska Governors, ASA Want More Biodiesel and Cellulosic Ethanol in Final RFS**

The chief executives of Iowa and Nebraska this week sent word to EPA at an agency public hearing on the Renewable Fuel Standard (RFS), they want to see higher blend levels for biodiesel and cellulosic ethanol in the agency's 2017 final RFS blend mandate due in November.

Joined by Sen. Joni Ernst (R, IA), Gov. Kim Reynolds of Iowa and Nebraska Gov. Pete Ricketts told EPA companies have the capacity to produce 2.75 billion gallons of ethanol in 2019, well above the 2.1 billion gallons the agency has proposed.

Their joint call for higher biodiesel RFS blend rates was echoed by the American Soybean Assn. (ASA), which added it wants to see the total for all advanced biofuels – biodiesel, renewable biodiesel and cellulosic ethanol – increased to 5.25 billion gallons in 2018. ASA also said the use of soybeans for biodiesel refining has resulted in lower feed costs by lowering the cost of soybean meal used for feed.

While EPA has proposed reducing the RFS for cellulosic ethanol by 23% in 2018, the politicians want to see the amount increased. They praised the agency for keeping corn-based ethanol RFS levels at the maximum allowed by law.

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## **EPA Methane Regs Must Be Enforced: Court**

In a blow to President Trump's zeal to deregulate broadly and within EPA specifically, the U.S.

District Court of Appeals for the District of Columbia ruled this week that EPA must enforce methane regulations imposed by the Obama administration on the oil and gas industry.

The majority of the 11-member court said EPA unlawfully attempted to delay the pollution rule, which sets limits for greenhouse gas (GHG) emissions for the energy industry. EPA attempted in June to put the methane recapture rule in a two-year hibernation in order to review their impact.

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## **On-Farm Antibiotic Use, Resistance Linked by European Government Study**

Three European food and medical agencies this week released a study they say confirms the link between the use of antibiotics in animal agriculture, human medicine and the increase in antibiotic resistance in humans. The three agencies said the study relied on improved surveillance and across Europe when monitoring antibiotic use and consumption.

“To contain antibiotic resistance we need to fight on three fronts at the same time: Human, animal and environment. This is exactly what we are trying to achieve in the EU and globally with our recently launched EU Action Plan on antimicrobial resistance,” said the European commissioner for health and food safety.

Overall antibiotic use in food animals is higher than in humans, but varies by country and the kind of antibiotic used, reports the European Food Safety Authority (EFSA), the European Medicines Agency and the European Center for Disease Prevention. The groups said polymyxins, a class of antibiotic used in veterinary medicine and increasingly used in hospitals to treat resistant infections, is an area of focus.

Resistance to quinolones used to battle resistance in humans when treating salmonellosis and campylobacteriosis, is associated with use in animals, as well. Similarly, antibiotics used to treat E. coli infections and other bacteria in humans is connected to resistance in E. coli found in humans.

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## **West Coast Longshoremen Seen Approving Three-Year Contract Extension**

The International Longshore & Warehouse Union (ILWU) said this week that its members at 29 ports in California, Oregon and Washington completed their voting and it appears they will approve a three-year extension of their collective bargaining agreement with the Pacific Maritime Assn. (PMA). Early reporting from locals showed the contract extension will likely be approved by 67%. The agreement will be extended to August 22, 2022.

The vote by union members from San Diego, California, to Bellingham, Washington, comes after the PMA proposed the three-year extension and the ILWU studied the proposal for a year. ILWU says the contract extension will raise wages, maintain health benefits and increase pensions.

The extension avoids the repeat of a port closure a few years ago that threatened to paralyze West Coast shipping.

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## **Sensenbrenner Bill Stops State Law on Animal Production, Interstate Trade**

A bill that would prohibit states from enacting laws and rules that stop the sale of out-of-state animal products if they're not from animals raised under parochial state production criteria has been introduced by Rep. James Sensenbrenner (R, WI).

The bill would stop a state from imposing a tax, regulatory burden or other restriction on business – including a farm or ranch – not physically located in the state.

Some states, notably California and Massachusetts, have enacted laws prescribing how farm animals must be raised. Further these same states have made it illegal to sell animal products in their states if not raised under the identical conditions. Critics contend such laws violate the commerce clause governing interstate commerce, and are unconstitutional given they affect individuals, companies and others who are not represented in the development of the law or their enactment.

The “No Regulation Without Representation Act of 2017,” similar to legislation introduced by Rep. Steve King (R, IA) during the 2014 Farm Bill debate, was praised by the National Pork Producers Council (NPPC). The King effort, though widely supported by agriculture, failed when it became clear it affected more than just animal production and sales laws enacted by the states.

“Pork producers, not animal rights activists, lawmakers or regulators, should make the decisions about what production practices are best for their animals and for producing safe food,” said NPPC CEO Neil Dierks. He pledged NPPC’s national support for the Sensenbrenner bill.

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