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## New Delta fish policies offer hope for more flexible water management

The California Fish and Game Commission approved last week its first delta fisheries management policy and, over the protests of sportfishing groups, revisions to its controversial striped bass policy.

Commissioners argued the striped bass policy should not prioritize one non-native species over hundreds of endangered native fish populations. They also called the original population goals for species recovery arbitrary and not supported by science.

**The actions should add more flexibility for the Department of Fish and Wildlife to respond to changing conditions in the Sacramento-San Joaquin Delta and more leeway for pump operators to move water during wet years.**


The updates to the two policies received a broad base of support from farmers of varying interests within the delta region as well as north and south of the delta.

**"The Farm Bureau is not looking to eliminate striped bass, but to have a better-managed Delta to benefit everyone," said Noelle Cremers, a policy advocate for the California Farm Bureau Federation**

Michael Bocadoro, who represented farmers and other water users, agreed, saying the state should manage for outcomes, rather than one species, and the approach of the two policies fall in line with Gov. Gavin Newsom's support for collaborative and voluntary agreements on water issues.

**"It's not about fish, farms or people," he said. "It's about everybody who depends on the delta – and there are 24 million Californians."**

Yet sportfishing groups and anglers had mobilized dozens of members and fought hard to maintain the striped bass policy that was adopted more than two decades ago, fearing that any changes would hurt charter fishing companies. After three years of stakeholder negotiations, the decision came as a disappointment. They called it a water grab by the California Farm Bureau Federation, the Westlands Water District and billionaire Stewart Resnick, the founder and president of The Wonderful Company.

Sportfishing advocates fill the room to comment on striped bass policy. (Photo: Asm. Jim Frazier)

"There should be no change to the 1996 policy until the department has evaluated the status of the species and the availability of the habitat to support the species," said David Ostrach, the science advisor for Allied Fishing Groups.

President Eric Sklar countered that it would be too expensive to study this species.

"It's not endangered and there are literally hundreds of other species that we have to address and study that are endangered," he said. "Until last year, we had virtually no money to do those."

Assemblymember Jim Frazier, along with the 10 other legislators in the Delta Caucus, opposed the striped bass revision, urging more work was needed to reach a consensus. Sklar pointed to several engagement sessions throughout 2019 and said the commission must meet the needs of all of California, not just Delta interests.

Sklar also took aim at the original policy's target goal of reaching a population of three million fish to maintain species and ecosystem health. Instead, he inserted language to ensure the "vitality" of the fishery.

"I'm not going to vote to put a number in there that's made up," he said. "I want a number that comes out of the scientific process."

Estimates had put the population at just 600,000 in 1994, which means three million is "likely not achievable," according to CDFW.

Striped bass were first introduced to California in 1879 with "explosive success," according to UC Davis Professor Emeritus Peter Moyle. He explained they serve as a good indicator species to understand ecosystem health.

Sklar and others emphasized that the policy does allow the flexibility to evolve based on new science and is not a firm regulatory plan, which pleased many of the stakeholders.

"While we aren't thrilled to death with the policies, we do recognize that it's been carefully crafted to serve as a guiding principle for balance and appropriate management," said Gale Delihant, government affairs director for the Western Growers Association.

## Funding to reduce dairy and diesel emissions remains uncertain

State lawmakers are skeptical Gov. Gavin Newsom and his administration will be able to make up for further cuts to the incentives programs that support farmers in reducing dairy and diesel emissions.

**"We're going to continue to drive out dairy farmers from California if we don't assist them," warned Senator Mike McGuire, who represents a rural district in Northern California, during a Senate hearing last week on the administration's proposed climate budget.**

CalEPA Sec. Jared Blumenfeld

McGuire pointed out that former-Gov. Jerry Brown had funded methane reduction programs for manure management and dairy digesters at $90 million each year. **The Senate pushed for the same last year, he said, but instead the programs took "a serious haircut," with funding down to $32 million. McGuire called it unacceptable for the current budget to propose even less, at $20 million, for a program that is oversubscribed. He said the vast majority of those dairies have 300 cows or less and desperately need the assistance to meet emissions requirements.**

CDFA Secretary Karen Ross told the committee that the accumulated funding for those programs – nearly $300 million to date – has pushed the state more than halfway toward meeting its 40% methane reduction goal.

**"(That money) has gone where we can get the biggest reductions, which is the Central Valley, which happens to have larger herds," she explained, adding that 200 more projects will soon be coming online.**

With the state seeding this technology, banks are taking notice and beginning to invest as well, she added.

Incentives programs across the agencies are seeing cuts due to an estimated drop of $400 million in the cap-and-trade revenues being invested into the Greenhouse Gas Reduction Fund (GGRF) this year. This silver lining, according to CalEPA Sec. Jared Blumenfeld, was that proportionately, the funding has changed little across the programs.

"When you look at the cuts in these areas as a percentage of the total discretionary funds within the GGRF, they're either staying level or growing slightly," he said.

Sen. Bob Wieckowski of Fremont asked about cuts to the program for replacing aging agricultural equipment with cleaner engines, known as FARMER.

**"You've got a popular program that's underfunded and targets the most polluting vehicles and we're cutting another $10 million?" he said.**

In a separate public comment, policy advocate Lauren Noland-Hajik, representing several farm groups, said **the Air Resources Board can only achieve its goal of reducing 11 tons per day of nitrous oxide in the San Joaquin Valley if the state provides FARMER with $193 million annually over the next three years.**

“While that's a big number,” she said, “those are tangible health benefits in a state that has the worst air quality.”

In response to Wieckowski, **Blumenfeld said the state has already “given millions upon millions of dollars in incentive funds” for the whole suite of diesel replacement programs, and California should instead start focusing on low-interest loans.** This is why the administration proposed in its January draft budget a Climate Catalyst Revolving Fund. The program would offer low-interest loans to small businesses and disadvantaged communities for adopting new mitigation technologies that reduce emissions. Dairy digesters, FARMER and water efficiency projects would be ideal projects for the loans.

**“We've seen some proof out there that these work and make sense for the farming operation,” explained Ross. “But we're still not getting the scale at as rapid a pace as we know we need to for the climate.”**

Sen. Bob Wieckowski, D-Fremont

She said the loan program would give agribusinesses another option, without having to commit to a grant timeline. She cautioned the loans would not be appropriate for all parts of California’s farming community.

In its review, the state’s nonpartisan Legislative Analyst’s Office (LAO) was skeptical. It found the administration had not adequately justified spending the $1 billion requested for seeding the loan program. Instead, it proposed a pilot program to assess if a need actually existed for those projects. It also recommended dairy farmers instead access funding for digesters through carbon trading markets.

Katie Patterson, a policy manager for American Farmland Trust, did find the revolving loan concept “interesting.”

“But there are some exciting programs that are already here and just need proper incentives and technical assistance,” she said.

Last week, Sen. Henry Stern of Los Angeles introduced a bill that would establish the framework for administering the fund, though it does not offer any details yet on spending.

The administration is also negotiating with the Legislature over a climate resilience bond, which is mostly aimed at financing adaptation projects. The LAO, however, called the administration’s bond proposal too ambitious, particularly with spending on water infrastructure projects and groundwater management.

Wieckowski was also concerned that from the nearly $4.8-billion proposal, a “puny” $200 million would be spent on environmental farming incentives.

Ross responded that CDFA's suite of climate-smart agriculture grants "have made a significant step in the right direction to demonstrate why these fit into the business models" of farmers.

"This revolving loan fund and the bond provide the dollars to scale it up and that's where we're focused," she said.

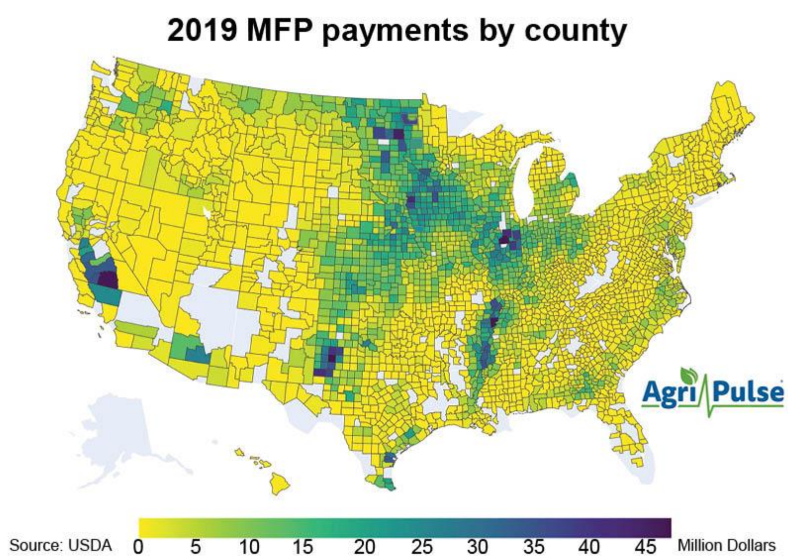
Natural Resources Sec. Wade Crowfoot added that the bond would be a critical down payment and first step in long-term protection for communities:

"Is it the sum total we should spend in the coming decades? No."

## Where the money went: Payment data pinpoints MFP benefits

Farmers across the Corn Belt and northern Plains along with producers in California, western Texas, and the lower Mississippi River Valley have been the biggest beneficiaries of the Trump administration's Market Facilitation Program over the past year, according to data obtained by *Agri-Pulse* and reflecting payments as of Feb. 19, 2020.

**Lubbock County, Texas, the hub of one of the world's largest cotton growing regions, received more money than any other county, $47.2 million, according to the Agriculture Department data. That total includes all three tranches of the $14.3 billion in MFP payments that were made for the 2019 crop year. The final round of payments went out earlier this month. Mississippi County, Ark., a soybean-growing area that abuts the Mississippi River and the Missouri Bootheel, is a close second at $47.1 million.**




Tulare County, Calif., a sprawling dairy region that also produces almonds, table grapes and other crops that qualified for 2019 MFP payments, is No. 3 at $46.8 million.

**But the payments were also widely distributed across the Midwest and Plains states. Iowa, which received $1.58 billion in total payments, the most of any state, and Illinois, have eight counties between them that ranked in the top 20 in MFP money**. McLean County, Ill. ranks fourth in the nation in payments by county at $46.8 million. Sioux County, Iowa is sixth at $42.9 million.

Illinois is a close second to Iowa in total payments at $1.45 billion. Texas is third at $1.071, narrowly ahead of Minnesota at $1.065 billion. Kansas, which received $1.01 billion, is the only other state to receive more than $1 billion.

The 2019 payments "were welcome for many struggling farmers including myself," but they "do nothing to alleviate the long-term consequences of the trade war," Tim Dufault, a wheat and soy farmer from Polk County, Minn., says in testimony prepared for the House Ways and Means Committee on Wednesday. Polk County received $37.5 million.

**"While we are being paid not to sell to one of the fastest growing markets in the world, our competitors are filling the void. Our loss is Canada, Brazil, Russia and Australia's gain. For example, in the past two years, Canada's wheat exports to China have increased 400% while ours have fallen," he said.**

A third version of MFP could be coming this year. In a tweet that surprised Agriculture Department officials, President Donald Trump announced that he may provide additional assistance to farmers this year "until such time as the trade deals with China, Mexico, Canada and others fully kick in."

Trump didn't say how the aid would be provided, and USDA officials say they have not been asked to prepare for a new round.

**Top 10 counties for 2019 MFP payments**

| | | |
|---|---|---|
| LUBBOCK | TX | $47,194,339 |
| MISSISSIPPI | AR | $47,107,711 |
| TULARE | CA | $46,837,538 |
| MCLEAN | IL | $46,775,321 |
| CASS | ND | $44,883,027 |
| SIOUX | IA | $42,889,017 |
| LIVINGSTON | IL | $42,068,450 |
| GAINES | TX | $41,143,917 |
| HALE | TX | $40,188,166 |
| CHAMPAIGN | IL | $38,983,473 |

Source: USDA

Some lawmakers think a new round of MFP is inevitable given that Trump is up for reelection. Twenty states accounted for more than 90% of the total MFP payments distributed nationwide, and Trump carried all but three of those states (California, Illinois and Minnesota) in 2016. Several first-term Democrats, including Cindy Axne and Abby Finkenauer in Iowa, also represent districts that were major recipients of MFP payments.

Zippy Duvall, president of the American Farm Bureau Federation, says it's no surprise that Trump would raise the possibility of more MFP payments given the impact of the coronavirus outbreak and the dampened expectations for China to fulfill its import pledges under the "phase one" trade agreement.

**"It's kind of expected that the farmer is going to continue to hurt, and this president's always said he'd stand beside them," said Duvall.**

For most crops, including corn, soybeans, cotton, wheat, peanuts and rice, the MFP payments for the 2019 crop year are based on rates that USDA assigned to each county based on a calculation of the impact of trade barriers to U.S. exports of each eligible commodity since 2009, including the retaliatory tariffs China imposed in 2018.

The rates ranged from $15 to $150 per acre nationwide, with the highest rates going to cotton-producing counties. Payments were then made to farmers based on their planted acreage of total eligible crops.

Lubbock County, which produces about 416,000 acres of cotton, according to the 2017 agricultural census, had one of the highest payment rates in the nation at $145 per acre. The rate in Mississippi County, Ark., was $122. The rate in McLean County, Ill., was $82 an acre.

Payments were made at different rates for two livestock products, milk and pork, and for some specialty crops, including almonds, cranberries, fresh grapes, fresh sweet cherries, hazelnuts, macadamia nuts, pecans, pistachios, and walnuts.

USDA Chief Economist Rob Johansson said the rates were designed to "reflect the cost of the (tariff) damages to the producers. Counties that had produced a lot of commodities that were traded with China, that were affected by the tariffs, were the ones that got the largest payments." Producers who farm in multiple counties received payments based on the individual rates in each county. **But the USDA data obtained by *Agri-Pulse* assign all of a producer's payments to the county in which he or she is based, known as his or her "recording county," not the counties on which the payments are made.**

For example, a cotton grower or landowner who has a home or office in Lubbock could receive payments for acreage in neighboring Hale County ($114 payment rate) or Lynn County ($124 payment rate) but all of the payments would appear under Lubbock County, the producer's recording county.

**California dominated the payments for specialty crops, with the top five counties. Payment rates for specialty crops varied: Payments for nuts were calculated at $146 per acre. Payments for table grapes were calculated at three cents per pound times 20,820 pounds per acre. There were separate rates for cranberries, ginseng and sweet cherries.**

San Joaquin County, Calif., received the most money for specialty crops at $21.2 million, followed by Fresno County at $19.8 million, Tulare at $15.7 million, Kern County at $13.6 million and Stanislaus County at $13 million.

The next five: Washington's Yakima County at $9.4 million, followed by Wasco County, Ore., at $8.3 million, Kings County, Calif., with $8.1 million, Madera County, Calif. at $7.6 million and Merced County, Calif., at $7.2 million.

**California and Iowa had the top-ranking counties for MFP payments when it came to milk and hogs, which were compensated at rates of 20 cents per hundredweight on milk and $11 per head for hogs**.

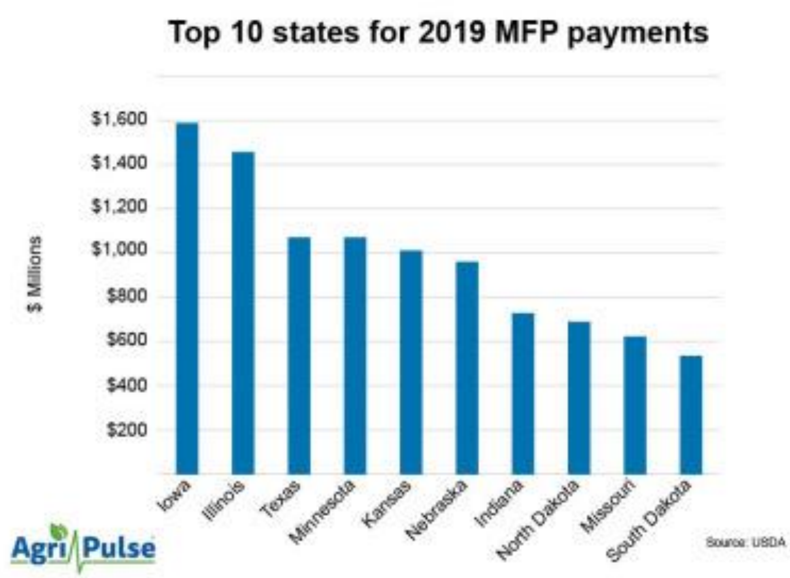
Tulare County, which produced about $1.7 billion worth of milk a year, received the most in livestock-based MFP payments at $19.5 million; followed by Sioux County, Iowa, at $11.3 million; Merced County, Calif., at $10.7 million; Kings County, Calif., at $7.9 million; and Stanislaus County, Calif., at $6.6 million.

The next five: Iowa's Lyon County at $6.2 million, Kern County, Calif., at $5.4 million, Washington County, Iowa, at $4.3 million, Gooding County, Idaho, at $4.2 million, Nobles County, Minn., at $4.1 million and San Joaquin County, Calif. at $4.06 million.

Some economists have suggested that the payment rates overcompensated producers for the damage from Trump's trade war with China and other barriers. But Scott Irwin, an economist at the University of Illinois, said the rates were reasonable, given the impact the trade disruptions continue to have.

Soybean growers were hurt, he said, not just by the drop in prices when the tariff war with China began in 2018, but they also will be hurt by long-term disruptions in trade, Irwin said. And he argues that the trade war depressed the local prices, or "basis," for soybeans leaving growers without the coverage they expected from the futures market or their crop insurance revenue policies.

He praised USDA for assigning a single payment rate to each county because it avoided inducing farmers to plant one crops over another. "Under the circumstances the USDA did pretty well with the 2019 MFP," he said.




**Several Senate Democrats complained that the program creates inequities and fails to account for actual damages**. Other critics have complained that the 2019 MFP didn't help producers hurt by non-tariff trade barriers.

The Government Accountability Office, which is the investigative arm of Congress, and USDA's inspector general are conducting separate investigations of MFP.

AFBF's Duvall says the program was made about as fair as it could be. "You won't have a perfect system," said Duvall, whose home county in Georgia, Greene, received $35,000, according to the USDA data.

## USDA school meal changes may mean less fruit, shift in veggies

A Trump administration plan to reduce the amount of fruit and some vegetables such as carrots that schools must serve to kids has alarmed nutrition advocates, many lawmakers and two former agriculture secretaries.

Producer groups are divided over the proposed rule depending on how they would be affected. USDA argues the changes are needed to reduce waste in school breakfasts and lunches.

The possible changes include:

- Reducing the amount of fruit offered at grab-and-go breakfasts and breakfasts served in the classroom to a half cup from the current one cup.

- Possibly allowing potatoes to count against the breakfast fruit requirement. USDA is requesting comments on that idea.

- Reducing the weekly minimum requirements for the red-orange vegetable group (carrots, tomatoes, sweet potatoes and such) from three-quarters of a cup for kindergarten through eighth grade students and from one and three-quarters cups for high school students.

- Reducing the required amount of vegetables from the "Other" category, a broad group that includes celery, green beans, lettuce, mushrooms and onions. The required serving for high school students would drop from three-quarters cup to half a cup.

- Allowing pasta made from vegetable flour to count toward the vegetable requirement. USDA already is allowing that under guidance to schools. The proposed rule would write that change into regulations.

**Former Agriculture Secretaries Dan Glickman, who served under the Clinton administration, and Ann Veneman, President George W. Bush's ag secretary from 2001-2005, issued a joint statement saying the proposed changes would reduce the nutritional quality of school meals.**

*Former Ag Secretary Dan Glickman*

The proposals "are a step backward and should not be made," Glickman told *Agri-Pulse*. "We are dealing with an epidemic of childhood obesity. Reducing the amount of fruit eaten at breakfast by a half cup may not sound that significant, but in terms of nutrients, it's very significant."

More than 70 House Democrats, led by Connecticut Rep. Rosa DeLauro, who is seeking to become chairwoman of the House Appropriations Committee, sent a letter to Agriculture Secretary Sonny Perdue urging him to withdraw the proposal, saying it "would roll back a decade of improvements to the nutritional quality of school lunches and jeopardize the health of our nation's youth."

**The top Democrat on the Senate Agriculture Committee, Debbie Stabenow of Michigan, also is opposed to the changes. "It sends us backwards in terms of children having access to fresh fruits and vegetables," she told *Agri-Pulse*.**

USDA says in the text of the proposed rule that allowing schools to offer the same weekly minimum amount, a half cup, from each subgroup will reduce the complexity of the program for meal providers.

The department also says that some school meal program directors "report challenges with food waste and report that children are throwing required vegetables in the trash."

**A USDA study found that approximately 31% of vegetables served in schools were wasted, the same as food waste in America at large.**

The United Fresh Produce Association hasn't taken a formal position on the proposal yet, but the group opposed the guidance that USDA issued last year to pasta made from vegetable flour to be credited toward a vegetable subgroup's minimum weekly requirement.

Mollie Van Lieu, senior director of nutrition policy for United Fresh, said her group wanted to make sure the changes were consistent with federal dietary guidelines. “The current updated nutrition standards have been very successful. Kids are eating more fruits and vegetables,” she said. **One concern United Fresh has is the possibility that potatoes could substitute for fruit at breakfast, an idea on which the department wants feedback.**

Another concern: For lunch, the current standards allow for 1.5 cups of vegetables to come from any category. The proposed rule would increase that amount to 2.5 to 3 cups. “The fear is that one subgroup theoretically could make up half to more than half of the 5-cup weekly minimum requirement as long as it complies with the overall sodium and calorie requirements,” Van Lieu said.

Current rules allow that 5-cup weekly requirement to be met by 2 cups of potatoes and 3 cups of other vegetables. Under the proposed rule, schools could serve 3 cups of potatoes and only 2 cups of all other vegetables combined, including pasta made from a vegetable flour.

**The rule will benefit potato growers by changing regulations that had allowed potatoes to be crowded off of school menus by other vegetables, said Kam Quarles, CEO of the National Potato Council.**

Under the existing regulations, two cups of other less-consumed vegetables must be served before potatoes.

In 2012, Congress eliminated a prohibition on serving white potatoes and other starchy vegetables in school breakfasts, in part because of recommendations by the Institute of Medicine, Quarles said.


Christopher Valdez

Christopher Valadez, president of the Grower-Shipper Association of Central California, Salinas, says reducing the amount of fruit served at breakfast outside the classroom to a half cup is concerning, particularly if fruit juices are allowed to fill that requirement.

**“We support any policy that grows the consumption of fresh fruit and vegetables,” he said. “We see fresh fruit and vegetables as an important part of the nutritional needs of children as they are developing, and we definitely want to see more fresh fruits and vegetables made available in schools.”**

Not all commodity groups are as concerned. The American Mushroom Institute, for instance, says mushrooms are versatile enough that the reduction in the weekly minimum requirement of the “Other” vegetables subgroup may not affect mushrooms as much as other varieties.

Mushrooms can be served on pizzas, on salads, and in other dishes, and they are starting to be used in snack bars, the group says.

USDA will be taking public comments at regulations.gov on the proposal through March 23.

## FDA on mission to explain its animal biotech approval process

The Food and Drug Administration, facing increased criticism of its regulatory process for gene-edited animals, is mounting a new effort to defend its policies to farmers, researchers and developers, but the industry is backing the Agriculture Department's push to take over some of FDA's oversight role.

FDA regulates as animal drugs any intentional genomic alterations in animals, achieved through gene editing or older genetic engineering technologies, a position roundly criticized by the animal ag and biotechnology industries. The subject has gained more attention recently with statements from FDA defending its oversight role as necessary both for the safety of animals and humans.

**"We haven't announced most of them yet, but we're going to have a series of meetings," said Laura Epstein, senior policy adviser in FDA's Center for Veterinary Medicine. FDA's presentations will include case studies examining hypothetical products.**

One of the primary goals of the presentations will be to explain the process and FDA's regulatory intentions to farmers, an audience FDA acknowledges it has not "communicated with very much," Epstein said.

**"As a result, there's a lot of confusion and misinformation out there about what we plan on doing," she said. "We got word back that farmers seemed to think we're going to require them to register them as drug manufacturers. We want to assure them that's absolutely not the case."**

One meeting FDA will definitely be attending is the Large Animal Genetic Engineering Summit in Utah in June, said Heather Lombardi, director of FDA's Division of Animal Bioengineering and Cellular Therapies.

FDA's effort follows publication of a commentary in *Nature Biotechnology* by Steven Solomon, director of FDA's Center for Veterinary Medicine, asserting the importance of "regulatory oversight of intentional genomic alterations in animals, even when the intended modification seeks to replicate a naturally occurring mutation."

Solomon's piece accompanied an FDA analysis on how the agency "was able to detect unintended alterations in genome-edited bulls," Solomon said in a statement on FDA's website.

**The biotech and conventional animal ag industries have been pushing for years to get FDA to loosen its regulatory reins, arguing that FDA's development of disease-resistant animals, for example, has been unduly delayed**.

Agriculture Secretary Sonny Perdue made that point at USDA's Agricultural Outlook Forum last week, stating at a press conference that USDA is "in the process of working with FDA currently to help divide up the responsibilities, hopefully with an agreeable type of consensual" memorandum of understanding with the agency over new breeding techniques. **Perdue said FDA could handle oversight of "food animal breeding," with FDA handling "any other animals."**

He pointed to the example of the nearly year-old agreement between USDA and FDA on cell-cultured technology, used to create meat that has been described as “clean” by supporters and “fake” by its opponents.

Under that agreement, the agencies said FDA would handle “cell collection, cell banks, and cell growth and differentiation,” with the Food Safety and Inspection Service overseeing “the production and labeling of human food products derived from the cells of livestock and poultry.”

**Without an easier path to commercialization, new breeding techniques “are going to go to Argentina, Brazil, Canada, China,” or other countries, Perdue said, making the U.S. “a follower rather than a leader in the new technologies.”**

*Ag Secretary Sonny Perdue and FDA Commissioner Stephen Hahn meet in Perdue's USDA's office.*

Representatives of both USDA and FDA were reluctant to discuss the interagency communications. A USDA spokesperson said only, “We are always in discussion with various FDA officials on a number of issues dealing with American agriculture.” FDA said the agency "continues to engage with our federal partners in the regulation of agriculture biotechnology products.”

Referring to USDA and EPA, its other participants in the government’s effort to “modernize” biotech regulations, FDA said “each agency has a role to play within its existing statutory structure.”

USDA’s Flickr account shows Perdue did meet with new FDA Commissioner Stephen Hahn only nine days before his appearance at Ag Outlook, along with Anna Abram, FDA’s deputy commissioner for policy, legislation and international affairs, and Frank Yiannas, FDA’s deputy commissioner for food policy and response.

The description on the Flickr site doesn’t say what they talked about, but one longtime observer and participant in the animal biotech space said, **“I would be shocked if they had not” discussed the issue. The meeting came two days after publication of Solomon’s commentary and the release of a statement from Hahn touting the potential of gene-editing technology for animals.**

“It is paramount, however, that as we move forward, we maintain standards of safety and effectiveness,” Hahn said.

The Center for Food Safety agrees. “The FDA has scientists that better understand genetic engineering of animals given that it has been working for more than 20 years on both GE animals for research purposes and drug testing, and now GE animals for food,” CFS Policy Director Jaydee Hanson said.

USDA, he said, **“has refused to develop regulations for its review of GE animals and insects, despite having agreed to do so in 2011 after a review by its own inspector general.”**

Perdue’s suggestion of an MOU was welcome news to the biotech community. Dana O’Brien, the Biotechnology Innovation Organization’s executive vice president of food and agriculture, called Perdue's words "encouraging." In an opinion piece posted on *Agri-Pulse's* site Feb. 12, O'Brien said BIO had shown the White House "how the President could move animal biotechnology oversight to USDA — an approach championed by key livestock and scientific stakeholders."

"I'm all for it," Acceligen CEO Tad Sonstegard said of Perdue's remarks supporting a division of responsibilities. Acceligen is a subsidiary of Recombinetics, which uses gene editing to develop animals for the agriculture and biomedical markets.

**"I agree with what BIO said," Sonstegard said. "We need to get FDA to come to the table."**

Jack Bobo, a food industry consultant who is a former vice president at biotech company Intrexon, said Perdue's statement may lead to "things moving a little more quickly" on the animal biotech front. However, he added, "It's not clear to me that this is a detailed proposal."

**Intrexon owns Aquabounty, developer of genetically engineered salmon that was approved by FDA in 2015 after a 20-year process — the only GE animal to be approved thus far. Sold in Canada since 2017, the fish will be available commercially in the U.S. later this, year according to Aquabounty.**

"Their record stands for itself — one approval," Sonstegard said.

But FDA wants to improve its process. It is touting its Veterinary Innovation Program, which Hahn said encourages "development and research and supporting an efficient and predictable pathway to approval."

The latest developments on the animal biotech front were triggered by FDA's publication of a paper detailing its discovery of unintended alterations in the progeny of a gene-edited, hornless bull. That paper was published in *Nature Biotechnology* the same day as the commentary by FDA's Solomon.

The bull was developed by Recombinetics and its calves were monitored by Alison Van Eenennaam, who runs the Animal Genomics and Biotechnology Laboratory at UC-Davis.

Van Eenennaam responded to the FDA paper and commentary by saying she was "disappointed that the FDA failed to mention that the genome-edited bulls and their offspring were followed for years by researchers at UC Davis and were hornless (polled) and healthy."

**The unintended alteration, a plasmid, "was not transmitted to half of the offspring, so in one generation there were animals with just the targeted edit," she said, then wondered why her explanation of the project, also published in Nature Biotechnology back in October, was not referred to in FDA's analysis.**

*Alison Van Eenennaam, UC-Davis*

Alexis Norris, a bioinformatician in FDA's Division of Animal Bioengineering and Cellular Therapies, said there was no deliberate attempt to ignore Van Eenennaam's paper. FDA submitted its paper to *Nature Biotechnology* “before hers was released,” she said. “Hers was in revision when ours was submitted to Bio. It was just a timing issue.”

**Van Eenennaam has been critical of FDA’s process. “There is nothing fundamentally hazardous about genetic variation in food, and suggesting intentional alterations are equivalent to drugs will frighten consumers who might logically infer the presence of drugs in their food,”** she wrote on the Nature Research Bioengineering Community blog in a piece entitled “Responsible Science Takes Time.”

**"It's just DNA, man," said Sonstegard. “We eat it in every food except vegetable oil.”**

## US ag exports are growing, but China deal isn’t a panacea

The historic “phase one” trade deal with China will boost American ag trade with the country, but it’s not likely to have a major impact on overall U.S. trade at a time when the farm sector here is increasingly dependent on international sales, USDA Chief Economist Robert Johansson tells *Agri-Pulse*.

It’s too early to tell, but China still may be able to fulfill its promise to buy $80 billion worth of U.S. ag commodities over two years. Even if that does happen amid the coronavirus outbreak in China that threatens to develop into a pandemic, much of the increase will come at the expense of sales elsewhere around the world, Johansson said.

**“I’m not saying trade is not going to grow,” he said in an interview. “Trade is going to grow, but it’s not like we’re going to be plopping down an additional $20 billion or $30 billion on top of what we were selling before. We’re not going to go from $140 billion (in total U.S. world exports) to $160 billion next year because of the 'phase one' deal.”**

China pledged to buy $36.5 billion worth of U.S. farm goods this year. That’s $16.5 billion more than in 2017 — the last year before the trade war erupted and tariffs decimated trade between the two countries. Some changes in trade barriers were announced on Tuesday.

**“The size of the box is the question,” Johansson said making a comparison to total possible exports. “Is it getting bigger? Yes, it is, but is it getting bigger by $20 billion? No.”**

Still, exports of U.S. farm goods are growing and sales of soybeans and pork to China are the primary reason behind the increase. The latest forecast for U.S. ag exports in fiscal year 2020 is $139.5 billion. That would be a $4 billion increase from 2019, and it’s expected that sales to China will be entirely responsible. The forecast is only a $500 million increase from a November estimate made before the "phase one" deal was signed.

It’s also independent of the "phase one" deal. Much of the increase in exports reflected in the latest USDA forecast is based on China’s skyrocketing pork imports, a response to the outbreak of African swine fever. Chinese hog production last year dropped by 195 million head, and that’s expected to drop another 80 million head this year.

**Even with Chinese retaliatory tariffs in place — a whopping 72% — U.S. pork exports to the country rose by 150% in 2019.**

USDA Chief Economist Rob Johansson

The forecast for $139.5 billion in U.S. ag exports — announced last Thursday — was less than generally expected just a few months after the U.S. and China signed the trade agreement that focused primarily on agricultural trade. The next day, President Donald Trump opened the possibility of billions more in trade assistance payments for farmers this year.

"If our formally targeted farmers need additional aid until such time as the trade deals with China, Mexico, Canada and others fully kick in, that aid will be provided by the federal government, paid for out of the massive tariff money coming into the USA!" Trump said in a tweet.

The Trump administration has rolled out aid programs the last two years totaling more than $28 billion in assistance. Ag Secretary Sonny Perdue, who has said a third round of trade assistance in 2020 would not be needed, tried to inject optimism into the situation, despite Trump's tweet.

**"We expect demand to do better," Perdue said in a statement given to *Agri-Pulse*. "I hope we can show that a third round is not needed for 2020 — we still believe farmers want trade rather than aid."**

Lawmakers like Rep. Ron Kind, D-Wis., appear to be losing patience.

"Farmers in Wisconsin have been forced to bear the burden of this Administration's trade war for nearly two years," Kind said in a letter sent to Perdue on Tuesday. "This deal was supposed to bring them some much-needed relief but instead, Secretary Perdue and the President continue to create more uncertainty."

**But that predicted $4 billion increase for U.S. ag exports is not the full picture for this year. The forecast is for the fiscal year (ending Sept. 30) and the Chinese pledge is for the entire calendar year 2020, leaving three more months for Chinese imports to ramp up.**

"Much of what (China) purchases is later in the year, anyway," said USDA Trade Undersecretary Ted McKinney after the new forecast was released.

The problem is that it's still unclear how much China will be able to buy, even though the country really needs the supplies, says John Baize, an analyst with the U.S. Soybean Export Council. China was still reeling from the impact of the outbreaks of African swine fever on its pork production when the coronavirus hit the human population.

The country needs a lot of pork, beef and poultry to make up for the protein loss, and a lot of soybeans to help grow its own livestock, but it's becoming more and more uncertain if the commodities can get there. The situation is severe, as stevedores, truckers and factory workers stay home to avoid getting infected with the coronavirus.

**“Quite honestly, with all that’s going on — the coronavirus and everything else — we’re all sort of in the dark,” Baize said. “We don’t know what’s really going to happen. This is a big unknown period.”**

*John Baize, USSEC*

Michael Ward, USDA's chief agriculture attache in China, is normally stationed in Beijing but was recalled to Washington after the outbreak hit China. He stressed that the coronavirus is snarling normal trade operations.

**“The coronavirus has stalled … China’s crushing plants and feed factories, disrupted domestic supply chains within the country and caused major backups at China’s ports,” Ward said.**

The situation may be difficult, says McKinney, and “clearly things have slowed down,” but there’s still plenty of time for trade to get back on track.

And, he pointed out, there has been no move by China to exorcise its right under the "phase one" deal to declare an emergency that prevents it from making the purchases it promised to make.

## Will Democratic candidates raise gas tax to pay for infrastructure?

Democratic presidential candidates are promising big fixes to the nation’s roads, bridges, and waterways through massive trillion-dollar infrastructure plans but are balking at the idea of raising the federal gasoline tax.

Revenue from the 18.4-cent-per-gallon tax is credited to the Highway Trust Fund to pay for road construction and maintenance and also goes toward mass transit, according to the Congressional Budget Office. The tax rate is not adjusted for inflation and has not been raised since 1993. Had it been raised, CBO said in 2019 the tax would be approximately 15 cents higher.

**Another problem for Congress: As cars become more efficient, they use less gas to go the same distance, and motorists pay less into the highway fund. Owners of electric vehicles don't pay the tax at all**.

Two presidential contenders voted to raise the gas tax back in 1993 but have a different opinion now.

“I’ve tried this before, we’re not going to be able to raise the gas tax,” former Vice President Joe Biden said at an infrastructure forum in Las Vegas earlier this month. In order to increase highway funding, Biden would raise $50 billion from other taxes. He said he feels it would be possible to index the gas tax for inflation “down the line” but not now.

**“I don’t think we’re going to be able to raise the gas tax from what it is now to what it would be had it been raised for inflation,” Biden argued.**

Vermont Sen. Bernie Sanders also voted to increase the gas tax in 1993 when he was in the House of Representatives but does not commit to raising it either. **His tax plan would establish an annual tax on people with “extreme wealth,” the top 0.1% of U.S. households.**

Sanders' tax would apply to anyone with a net worth of over $32 million. Someone who has a net worth of less than $32 million would not see their taxes go up at all under this plan, according to his campaign website.

Massachusetts Sen. Elizabeth Warren's tax and infrastructure plans make no mention of raising the gas tax. In her tax proposal, she would create a real corporate profits tax and ultra-millionaire tax but not increase the gas tax.

Sanders and Warren did not attend the infrastructure forum in Las Vegas, but California billionaire Tom Steyer did. When the Wall Street Journal reporters who were moderating the town hall asked him if he would raise the gas tax, he said he would look elsewhere for revenue.

**"What we are definitely going to have to do is raise taxes, and the question is, is it going to be on consumers or is it going to be on businesses," Steyer said. His plan would tax big corporations along with creating a wealth tax**. "My goal in this is not to do a regressive consumer tax. (It is) the exact opposite. My goal is to have a much more progressive tax," Steyer said.

*Democratic presidential candidate Elizabeth Warren*

Minnesota Sen. Amy Klobuchar, like the rest of the candidates, does not want to raise the gas tax either.

**In order to fund her trillion-dollar infrastructure plan, she would raise the corporate tax rate from 21% to 25%. Increasing the corporate tax rate would generate $100 billion for each percentage point increase, she said. "I would take the first four points of it and get $400 billion out of that," Klobuchar said.**

To pay for the rest of her infrastructure plan, she would take the international tax rate to where it was under the Obama administration, a move she said would generate $150 billion, while also approving an infrastructure financing authority.

The infrastructure financing authority is a bipartisan proposal by Sens. Mark Warner, D-Va., and Roy Blunt, R-Mo., that would provide loans and loan guarantees to road, bridge, rail, port, water, and sewer projects. Klobuchar also said she would also fund her plan through bonds.

When asked by *Agri-Pulse* via email if former New York City Mayor Mike Bloomberg supported raising the gas tax, a campaign spokesperson did not directly answer the question.

*Democratic presidential candidate Amy Klobuchar*

**"These improvements will be fully funded by the revenues raised by his broader tax plan, as well as innovative public-private financing mechanisms," the spokesperson said.**

Bloomberg's tax plan includes proposals like making the capital gains rate equal to the rate for ordinary income for taxpayers above $1 million, closing the 20% pass-through deduction, and raising the corporate tax rate from 21% to 28% while also increasing the minimum tax on foreign income.

Former South Bend, Ind., Mayor Pete Buttigieg argues the gas tax is not a viable long-term funding mechanism for the nation's highways.

"The reality is, we are going to have to graduate from the gas tax because we are going to have to graduate from gas," Buttigieg said.

However, Buttigieg noted there is time to make the transition from the gas tax. He said one option could be to have the Department of Transportation create a usage charge system with a vehicle miles traveled fee, but noted data privacy concerns will have to be addressed.

## News Briefs

**Central Valley Meat Company is dealing with arsenic in its water.** The beef packer and processing company, Central Valley Meat Company, one of the valley's largest employers, reached a settlement this week with the EPA. It will provide bottled water to the nearly 300 employees at its Kings County facility while the company comes into compliance with the federal Safe Drinking Water Act. The State Water Resources Control Board had discovered the issue and referred it to the EPA. Arsenic is a naturally occurring mineral found in groundwater and a rising problem in drinking water in areas of the valley.

## Farm Hands West: Lyons out with Newsom

Former California Department of Food and Agriculture secretary **Bill Lyons** is out, effective immediately, as agricultural liaison to Gov. **Gavin Newsom**. Lyons worked on water issues in the Central Valley during the year he spent in the position, and also represented the governor in negotiations over voluntary agreements and was involved with SGMA implementation, the San Joaquin Valley Blueprint and SB 1, the environmental resistance bill Newsom had vetoed.

Bill Lyons

Governor **Gavin Newsom** appointed **Victoria Hassid** of San Francisco to be the chair of the California Agricultural Labor Relations Board. Hassid has served as chief deputy director at the California Department of Industrial Relations since 2018. **Cinthia Flores**, of Los Angeles, has also been tapped to serve on the California Agricultural Labor Relations Board. Flores has been a staff attorney at the Coalition for Humane Immigrant Rights since 2017. **Isadore Hall III**, of Los Angeles, has been reappointed to the Board, where he has served since 2017

**Jeff Stump** has left the Marin Agricultural Land Trust (MALT) where he served as the director of conservation.

Sprouts Farmers Market Inc. added **Doug Rauch** to its board of directors, effective Feb. 25. Rauch spent 31 years with Trader Joe's Co., including 14 years as a president.

Nature Fresh Farms has elevated Matt Quiring to director of sales. Quiring, is a son of Nature Fresh Farms president and founder **Peter Quiring**. He joined Nature Fresh Farms in 2010.

Secretary of Agriculture **Sonny Perdue** has appointed **Paul Kiecker** to serve as administrator of the Food Safety and Inspection Service (FSIS). Kiecker fills the position following the departure of Administrator **Carmen Rottenberg**, who became administrator in May 2018. Kiecker was named deputy administrator for the FSIS in May 2018 and served as the agency's acting administrator until January 2019. He first joined FSIS in 1988 as a food inspector.

**Katharine MacGregor** has been confirmed by the Senate as deputy secretary of the Department of the Interior. She was currently serving as DOI's deputy chief of staff, exercising the authority of the deputy secretary. Before her work at DOI, MacGregor served under Chairman **Rob Bishop**, R-Utah, as senior professional staff on the House Committee on Natural Resources' Subcommittee on Energy and Minerals.

**Michael Stebbins** is settling into his new position at CropLife International, working on the communications and social media team. He previously worked for the Council for Biotechnology Information.

**Lane Coberly** is now a legislative assistant for the Senate Ag Committee covering forestry and rural development issues. He most recently worked as the committee's staff assistant/legislative correspondent following his graduation from Kansas State University. **Josh Millard** has been hired to fill the role of staff assistant for the committee. Most recently, Millard served as a Cass County board member and an insurance agent in Illinois. He holds internship experiences with Reps. **Darin LaHood**, R-Ill., and **Mike Bost**, R-Ill.

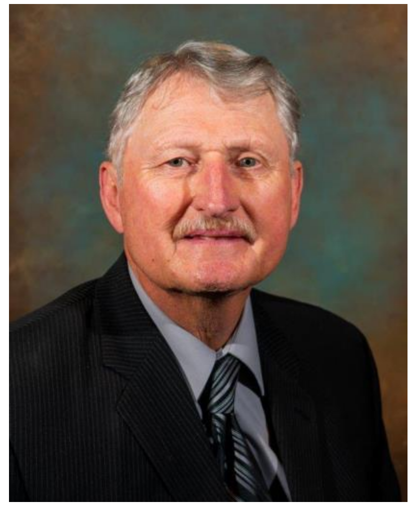
Sen. **Mike Crapo**'s, R-Idaho, legislative director, **Scott Riplinger**, has left Capitol Hill and now is a partner with the CGCN Group LLC. Before Crapo's office, Riplinger worked for Sen. **Dean Heller**, R-Nev.

**Nick Martin** has joined the staff of Rep. **Suzan DelBene**, D-Wash., as her new communications director. He previously worked as a director for Forbes Tate Partners.

**Dave Chun** is the new legislative director for Rep. **Tulsi Gabbard**, D-Hawaii. Chun covers the portfolio for agriculture, energy, environmental protection, labor, and natural resources.

**Stephen Bradford** now serves as Sen. **John Barrasso**'s, R-Wyo., communication director on the Senate Republican Conference. He previously worked for the Department of Transportation as the deputy director of public affairs

**Mark McKean** of Riverdale, Calif., was elected as chairman of the American Cotton Producers (ACP) through the National Cotton Council (NCC) for 2020. He was formerly an ACP vice chairman and currently serves as an NCC director. Elected as an ACP vice chairmen were: **Mark Nichols**, **Rusty Darby** and **Nathan Reed**.


Mark McKean

**Les Baledge** has been tapped to serve on the board of directors for Tyson Foods. Baledge previously served as the executive vice president and general counsel of Tyson Foods from 1999 to 2004.

**Correction:** In an article last week on tariff impacts to fruits and vegetables, we said pecan shipments to China are up 60%. That should have been 16%. We regret the error.

**Best regards,**

**Sara Wyant**
**Editor**

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