



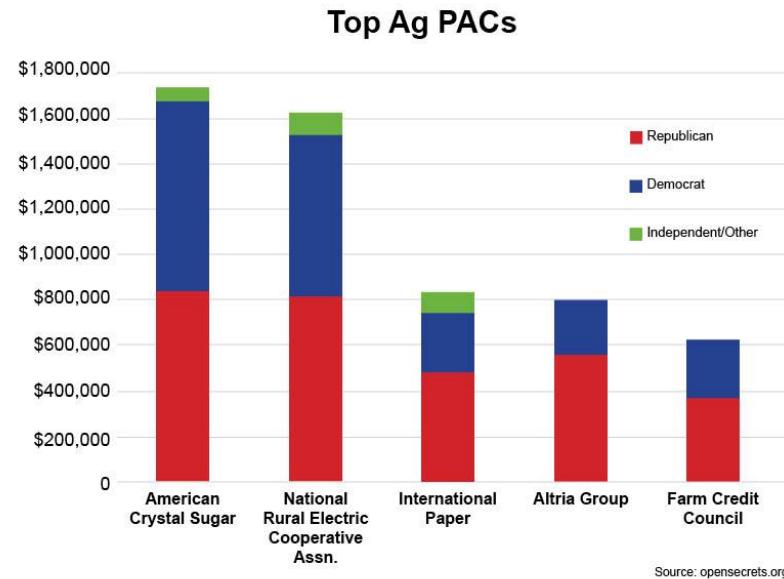
April 8, 2020

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## PAC money slowed, but not stopped, during COVID-19

Years of a sluggish farm economy and an unfolding global pandemic have not slowed ag and rural stakeholder dollars from flowing to political candidates seeking federal office in the 2020 election.

A little over \$20 million has been given to candidates by food, ag, and rural political action committees so far this year, according to data compiled by the Center for Responsive Politics and analyzed by *Agri-Pulse*. While Republicans are still collecting the lion's share of funds (about 58%), Democrats are receiving a larger percentage of contributions (around 37%) than what was observed in previous *Agri-Pulse* PAC reports. At various parts of [2017](#), [2018](#), and [2019](#), those reports showed Democratic candidates and causes receiving between 27-31% of the total ag and rural campaign contributions.



Source: opensecrets.org

This time around, a new wave of Democratic lawmakers elected in the 2018 midterms has put a number of lobbyists in an educational role to bring new members up to speed.

Kevin Price is the vice president of government affairs for American Crystal Sugar, which has consistently been the top PAC in agriculture and one of the top PACs in politics. He tells *Agri-Pulse* the influx of fresh faces on Capitol Hill impacted their strategy for the last two years.

**"We made a concerted effort to get to know a lot of new members," he said. "There are lots of great new relationships that we've built — and look forward to building more — while also valuing the longtime friends that we have in Congress."**

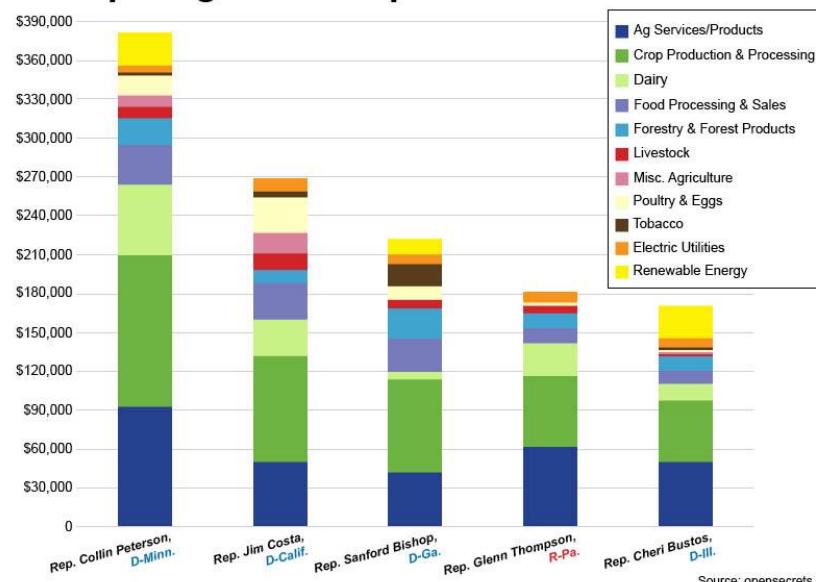
But that need for education brings with it a challenge for lobbyists: not running afoul of federal election laws. While the image of a fat-cat lobbyist wandering the halls of Congress handing out \$100 bills to anyone with Representative or Senator before their name might make for a good political cartoon, both members and lobbyists alike are mindful of what kinds of conversations can happen, and where.

**“You go to Capitol Hill to talk about issues, you go to fundraisers to talk about campaign-related activities, and the two shall not cross,” a D.C.-based lobbyist told Agri-Pulse. “The worlds are kept very separate, and for good reason.”**

Here's a breakdown of this year's ag, food, and rural PAC contributions (figures are as of March 23):

- House Ag Committee Chair Collin Peterson, D-Minn., received the most money of any one candidate (\$381,000) in his effort to [secure a 16<sup>th</sup> term in Congress](#); Iowa Republican Joni Ernst, seeking a second term in the Senate, received the largest amount (\$176,949) of anyone in the Senate.

### Top 5 Ag PAC Recipients: House Races



- If PAC money is any indication, agriculture has a clear favorite in the Senate seat being vacated by the retirement of Senate Ag Committee Chair Pat Roberts. Roger Marshall, a two-term House Republican, brought in \$167,500. Only one other Senate candidate from that Kansas race, fellow Republican Susan Wagle, received any money at all as she collected \$1,000.
- Vulnerable Senate Republicans up for reelection were major recipients of PAC money. Sens. Cory Gardner, R-Colo., and Thom Tillis, R-N.C., both landed in the Senate's top five despite neither serving on the chamber's ag committee (Tillis previously served on the panel.)
- House Minority Leader Kevin McCarthy of California received the most money (\$128,000) of any of the “four corners” of House and Senate leadership. Senate Majority Leader Mitch McConnell was next highest at \$103,900, followed by House Speaker Nancy Pelosi at \$66,000 and Senate Minority Leader Chuck Schumer at \$11,500. Of those four, Schumer is the only one not facing reelection this year.

There's also the matter of the lingering coronavirus pandemic and its impact on the political process. Congress is out of town, fundraisers have ground to a halt, and some of the same

lobbyists that would be interacting with an organization's PAC spending are now focused on things like implementation of the [\\$2 trillion recovery package](#).

**"On a national level, there's far more discussion and engagement on dealing with the epidemic, dealing with the crisis that we face, than there is talking politics and talking campaigns," Louis Finkel, senior vice president for government relations for the National Rural Electric Cooperative Association, said. "The politics of this are taking a back seat to dealing with the substance and the policies that are going to carry us through."**

But for those running for office, campaigning can't wait. Some primaries have been rescheduled, but the race to win the hearts and minds of voters is ongoing, as is the clock ticking down to Election Day in just a little under seven months.

Marshall tells *Agri-Pulse* he has "not done any active campaigning" for the Kansas Senate seat he's vying for since President Donald Trump issued his social distancing guidelines in mid-March. Trump, who became known in 2016 for hosting impassioned rallies full of ardent supporters, has not had a campaign event since March 2.

**"I think everybody's just getting accustomed and adjusting to the restrictions in place for work-related events and figuring out what the proper strategy will be going forward,"** Price said. **"I think everybody is in the same boat and adjusting accordingly."**

To see a complete spreadsheet of ag, food, and rural PAC giving, [click here](#).

## Biofuel plants slow and halt production as fuel prices fall

Over 100 biofuel plants across the country are fully idling or cutting production rates as gas prices fall because people are staying at home due to the COVID-19 outbreak and major oil producers feud over output.

As of Tuesday evening, 44 ethanol plants with a collective annual production capacity of 3.63 billion gallons have been fully idled and 62 plants have reduced output rates anywhere from 10-50% by a collective 1.68 billion gallons, according to data from the Renewable Fuels Association. However, 81 plants are running near normal operating rates, the organization said.

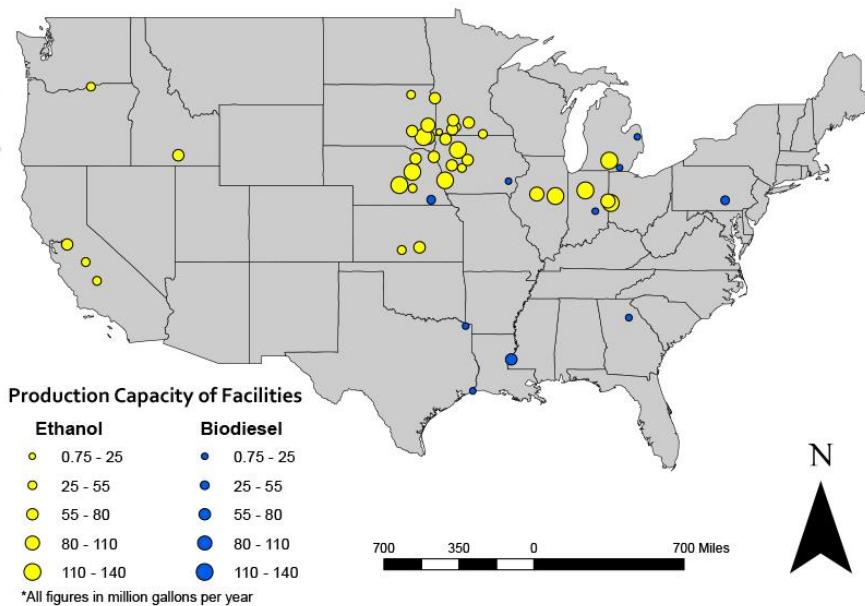
RFA President and CEO Geoff Cooper said the organization's analysis suggests around 5.3 billion gallons of capacity has dropped offline since March 1. Some 13 plants were idled before the 1st due to reasons other than coronavirus, idling roughly 770 million gallons of production. He said when accounting for production that was already offline prior to March, total offline capacity is about

6.08 billion gallons, which amounts to about 36% of the industry's total production capacity.

**"We've never seen anything like it in the industry's history, not even when the bubble burst in 2008-09," Cooper told Agri-Pulse.**

Cooper said the industry has the capacity to produce about 17 billion gallons of ethanol on a yearly basis.

**U.S. Ethanol and Biodiesel Facilities: Closures, Shutdowns and Reductions in Output**



**"Today, because of the recent idling, closures, and shutdowns, the industry is operating at an annualized rate below 12 billion gallons," Cooper noted.**

On Tuesday, [POET announced](#) it will idle production in Chancellor, S.D., Ashton, Iowa and Coon Rapids, Iowa, and delay the startup of its new plant in Shelbyville, Ind. Some 130 employees will have to be furloughed.

**"It's not just about our employees. It's about the local restaurants, the daycares, the grocery stores, the hardware stores, you name it," Doug Berven, POET's Vice President of Corporate Affairs, told Agri-Pulse.**

He said everyone is impacted when some of the largest businesses in these rural communities are hit with devastation like this, through no fault of their own.

University of Illinois Agricultural Economist Scott Irwin said U.S. gasoline use is currently down about 30% and could drop [7.3 billion gallons](#) if people continue driving less.

As of April 7, the national average price for a gallon of gas is \$1.91, according to [AAA Gas Prices](#). Some 33 states have averages under \$2 per gallon as prices at the pump continue to fall, according to AAA.

**Gas demand hasn't been this low since 1993, according to Energy Information Administration demand data, and AAA expects gas prices to only get cheaper as people continue practicing social distancing.**

In a [letter](#) to Environmental Protection Agency Administrator Andrew Wheeler, American Coalition for Ethanol CEO Brian Jennings wrote if gasoline demand continues to fall due to COVID-19 restrictions, ethanol use under the RFS could decline between 1 and 2 billion gallons.

He urged EPA to update renewable fuel volume obligations for 2020 in the Renewable Fuel Standard. He said if EPA did not act, it would cost ethanol producers over \$2 billion based on the six-month average price, and farmers over \$1.35 billion in 2020, according to current pricing information.

Cooper said RFA is aware of 15-20 plants that have stopped buying corn and are likely taking steps to wind down production in the next week or two.

**For the 2019/2020 marketing year, Irwin is projecting between 250 million to 300 million bushels of corn for ethanol use could be lost from March to May.**

"But you do have to remember, roughly a third of that will come back as feed use someplace because of the lost DDGs," Irwin told *Agri-Pulse*. "Those lost DDGs will have to be replaced by some combination of corn and soybean meal feeding."

Senate Finance Committee Chair Chuck Grassley, R-Iowa, sent a bipartisan [letter](#) Tuesday asking Secretary of Agriculture Sonny Perdue to use Commodity Credit Corp. authority to help biofuel producers.

**"Nearly half the industry may be offline within weeks, and without swift and decisive action in Washington, many more may soon halt grain purchases or close their doors completely," Growth Energy CEO Emily Skor said, urging USDA to act quickly.**

Last week, agricultural groups sent a [letter](#) asking USDA to purchase feedstocks from January to March as some ethanol plants have stopped buying corn.

Iowa State University Extension Economist Chad Hart told *Agri-Pulse* the economic impacts are large for small communities with plants. He said the problem now is that plants can't continue running because ethanol storage is reaching capacity.

**"We've basically filled the vast majority of storage capacity we've got for ethanol and we're running out of room and places to put it," Hart said.**

However, Hart did say extensions of unemployment insurance and other provisions in the most recent stimulus package Congress passed should help some plants.

Irwin mentioned another potential bright spot, saying there could be "quite a boom" in gasoline and ethanol consumption when COVID-19 is over because crude oil and gas prices are so low.

**"There could be some catch-up in a few months," Irwin said.**



Geoff Cooper, RFA

Only two of the 10 biodiesel plants shut down in February 2019 have reopened.

**“There’s no doubt that right now, the economic signals being sent are not positive enough to reopen the plants that closed last year, as a result of both the granting of small refinery exemptions and the uncertainty of the tax credit,” National Biodiesel Board Vice President of Federal Affairs Kurt Kovarik noted.**



Scott Irwin, University of Illinois

Kovarik also fears some plants could permanently close or be sold.

American GreenFuels in Connecticut reopened in January and has roughly 50 employees and produces 40 million gallons of biodiesel a year. The other is a World Energy plant in Rome, Ga., that produces 18 million gallons per year.

Many of the other biodiesel companies were planning to reopen this month but the current market situation has caused delays.

Kovarik said plants still in production may not go offline or shutter entirely as in the ethanol industry because diesel demand has not dropped as much as gasoline use.

IHS Markit, a global information provider, is projecting a [20% drop](#) in diesel demand beginning this month and lasting through July.

The price for a gallon of diesel as of March 30 has dropped 49 cents from a year ago, according to EIA [data](#).

## **It's a fencerow-to-fencerow farm fight against COVID-19**

The ominous virus that is disrupting agriculture coast to coast isn’t derailing American farmers’ and ranchers’ fight against it.

On the contrary, checks with farm and agribusiness contacts in California, Florida — states with high [COVID-19 incidence](#) and elsewhere — shows an intense fence-row-to-fence-row pushback against the novel coronavirus and the COVID-19 disease it spreads.

**The virus is bringing a ton of disruption to farmers and farmworkers.** Farmers are dumping surplus milk in some regions, owing in part to the closing of schools, for example, and Kristen Coady, vice president of Dairy Farmers of America, says overall demand is down about 10%, especially owing to foodservice dropoff. Meanwhile, farmworkers’ kids sit home without that milk in their usual school breakfasts and lunches.

At the same time, the nationwide closure of bars and sit-down restaurants spells lemons rotting in orchards and warehouses.

**So, it's a mixed bag. The strawberry harvests and markets in both California and Florida [have been robust](#), with fully deployed workforces. “We harvest all year round, and**

**we're about to enter our peak," says Carolyn O'Donnell, [California Strawberry Commission](#) marketing director. Rains have supported a big harvest (not too much falling), and virus-scared shoppers loaded up on strawberries in March, she says.**

**"Agriculture is absolutely disrupted"** in his state, says California Farm Bureau Federation President Jamie Johansson, "in terms of just uncertainty for those who are getting ready to harvest or those who are harvesting, in terms of making sure labor is available, in terms of ... even traveling during the shelter in place orders."

In states with homebound orders, thousands of farmworkers are carrying temporary IDs from employers, declaring their [farm work as essential](#) in this pandemic.

In Hillsborough County, Fla., a major fresh produce area east of Tampa, [Florida Strawberry Growers Association](#) executive director Kenneth Parker says that although strawberry farmers there "dodged a bullet," wrapping up harvest just as coronavirus began to choke sales, growers of tomatoes, watermelon, cantaloupes, squash, and other crops there "**are taking a beating. It's horrible how much produce is having to be destroyed,**" he says.

**Nonetheless, most farmers are making the COVID-19 fight top priority**, say Parker and Johansson and a chorus of other farm leaders. "The first order of business is and has always been ... ensuring the safety and health of our families and employees ... required safety trainings, sanitation ... especially with the Food Safety Modernization Act. So that sort of training is not new," Johansson says, "but, in addition, what can we do? (More frequent) hand washing, staggering start times so employees aren't all showing up at once ... social distancing" in the field as much as possible.

Says Parker: "We are highly regulated for food safety, so there's a lot of protocols in place. But (with COVID-19) we doubled down on efforts to ensure safety for the workers."

Underpinning their efforts are a multitude of federal agencies, universities, farm and commodity groups and agribusinesses, all posting online COVID-19 guidance, and alerts for farm management and worker safety, such as [this checklist](#) by the [Western Center for Agricultural Health and Safety](#) at the University of California, Davis, and this quick [video guidance](#) by a University of Arkansas extension agronomist. The postings generally draw from [U.S. Centers for Disease Control guidance](#) and are often printed and have become a part of universal farm and agribusiness work environment lately.

**U.S. farmers' coronavirus pushback may be making a big difference.** No California or Florida farmers and farm groups *Agri-Pulse* contacted reported knowing of COVID-19 cases among their members or workers. At least in part, that may be because farms and farmworkers are generally removed from COVID-19 hotspots.



Carolyn O'Donnell, California Strawberry Commission

**Still, farmworker advocates fear that COVID-19 risks are rising** for workers, particularly those who must labor side by side in processing plants or produce sorting sites, and where farms might not conduct, or have enough materials for, full protective measures.

For example, on Tuesday a union representing poultry plant workers in several states declared that major packers' response to the virus "has only been recent, sporadic and limited ... leaving most workers unprotected - despite months-long demands," and the union charges that "workers at their plants have been dying."

The risks are serious, especially for migrant workers, most of whom return from the field or processing plant to cramped housing conditions where they may face even greater risk of transmission, says Sylvia Partida, chief executive officer for the National Center for Farmworker Health in Buda, Texas.

**Likely fewer than half of U.S. farmworkers have health insurance.** Partida notes the most recent credible estimates, 2015-2016 findings by the National Agricultural Workers Survey (NAWS), reported just 47% of farmworkers had insurance, and she doesn't expect the share has risen much since, if at all.

What's more, many of the hospitals in the rural areas where farmers and farmworkers would go are in danger of being overrun if COVID-19 erupts in rural communities.

**In general, Partida expects "there is a real concern among growers** to ensure the safety and health of their workers, because there won't be any workers to replace them" if COVID-19 invades their farms.

Also, fortunately, farmworkers may benefit from Congress' recent Families First Coronavirus Response Act, which mandates 80 hours of sick leave, for example, and the stimulus bill's forgivable loans for farmers who keep up their payrolls.

**Partida says her staff has found farmers are adopting countless ways to keep the virus at bay:** "greatly limiting visitors, using a drop box for deliveries, limiting off-farm supply pickups or meetings. It's just different for every farm depending on what's being produced and their business model." She notes the livestock operators "already do a lot of this for biosecurity reasons."

**"So, I'd like to think, being optimistic, there'll be closer cooperation among growers and those in the communities who provide health care access, and that those partnerships will strengthen," she says.**

Manuel Cunha, who heads the Nisei Farmers League in California, reported full cooperation when he recently called managers of seven large grocery outlets in the eastern part of the San Joaquin Valley to accommodate farmworkers. Among other things, he handles farm labor contracts and monitors food safety practices for farmer members.

Cunha said farmworkers were finding empty food shelves and bins, owing to COVID-related hoarding, when they got off work Fridays and went to buy groceries for the week. He asked the



Some California farm groups have distributed this bumper sticker as the coronavirus pandemic continues.

managers to restock in mid-afternoon, instead of just in the mornings, so farmworkers could more quickly access groceries and minimize their exposure in the stores, something they all agreed to do.

**Though farmers have long worn protective masks for some practices, such as spraying pesticides or other chemicals use, most farm groups have bowed to the emergency priority for medical and health professionals to have N95 surgical masks.**

But with a recent CDC guidance reversal, now recommending people wear face coverings in public, O'Donnell says her California strawberry growers might soon order bandanas for members who want workers to wear them.

**So far, labor-dependent farms seem to be getting enough workers**, even though COVID outbreaks could surely deplete the U.S. farm workforce.

Parker says Florida resident farm laborer supply hasn't disappeared with COVID-19, and "**over half of workforce (for Florida strawberries) is H-2A labor, and we've been able to keep them in place**," with many rotating out of winter crop harvests and coming back for spring and summer crops. (The State Department recently eased procedures for approving those temporary farm worker visas.)

California Citrus Mutual President Casey Creamer says, "just about everything is being harvested right now," including grapefruit, lemons, and mandarins, and naval orange harvest is still going.

**"We have not seen the impact (of COVID-19) on harvesting labor at this point,"** Creamer says. **"We haven't seen a dramatic drop-off in our (citrus) harvesting capabilities at this point,"** though many of commodity growers "are now just about to start harvesting and trying to get H-2A crews into their system."

Mike Testa, who owns and manages a bevy of wine grape vineyards in Santa Barbara County, Calif., says it helps that many grape growers were already reducing acreage this year because of surplus. "Pretty much everybody I know is (tending vineyards) with less labor," he says.



Marshall Miller, Miller Family Wine Company

**"The biggest liability is in (loss of) the workforce; keeping them safe, keeping them healthy, making sure nobody's reporting to work with symptoms of being sick ... (and) we are having a portion of our workforce choosing to stay home. We don't want to ask people to work who feel they are in high risk,"** he says.

It's also been important to "allow workers extra time to wash hands. We're making sure we are doing everything we can ... keeping crews small and keeping people safe and distanced while they're working."

It's now the season for grape vine planting, Testa says, "which is normally done in sync, with people following right behind each other to complete tasks." Instead, field crews are staggered this

spring, “entering into different blocks at different times so everyone is at least six feet apart,” he says.

Also, “fortunately, the majority of the (spring) work, is tractor work, which is, by design, independent work … mowing, disking,” he says.

Like Testa and others, Marshall Miller, who heads operations for the [Miller Family Wine Company](#) in the Paso Robles, Calif., area, is adapting personnel and hours to fight COVID-19. “We are definitely down in terms of staff, but we take seriously making accommodations” for anyone at high risk because of age or health vulnerabilities, he says, and juggling days and hours for “single parents or parents where the other spouse can’t take off work and kids are school-aged and at home.” Day care centers are also closed, he points out.

Miller scrutinized his employees’ car pools, too, “so if they’re carpooling together, they’re working together … to keep workers in as small an exposure group as possible.”

**“Everybody is reasonably and understandably scared at this moment,” Miller says, “but our goal as a company is to make sure the workplace doesn’t mean extra fear” for the workers.**

## **Supermarket surge, food service shutdown rocks egg producers**

The disruption triggered by the COVID-19 pandemic has scrambled U.S. agriculture nationwide, but nowhere is the challenge more stark than in the egg industry.

Mark Sauder, who runs a major East Coast egg producer, can’t fill supermarket orders fast enough even though many grocers put strict limits on how many cartons shoppers could buy, and he’s facing a shortage of not just eggs but the cartons to pack them in.

Other egg producers who are more dependent on the food service market are awash in the processed, liquid product that they used to sell to restaurants, hotels, schools and other food service outlets. About one third of U.S. egg production normally goes into liquid product rather than being sold as shell eggs.

**“We’re running at capacity, absolutely. Last week, we filled about 71% of our open retail orders, simply because demand is so high that we can’t get enough through the system to fill the channel,” said Sauder, president and CEO of Sauder’s Eggs in Lancaster, Pa. The family-owned producer has 6 million hens and sells to Safeway, Costco, Trader Joe’s and other stores in the Northeast and mid-Atlantic region.**

The wholesale price of shell eggs tripled from \$1.03 per dozen at the beginning of March to \$3.09 at the end of the month and is still averaging about \$2.75 this week, according to Urner Barry, a firm that tracks the industry.

**Meanwhile, the price of liquid egg product, which is sold to food service to be turned into products such as patties for breakfast sandwiches or dried into ingredients for baked goods and other products, has fallen to about 27 cents a pound, way off the 10-year average price of 60 cents a pound, according to Urner Barry data.**

Industry experts say some eggs that were originally destined for liquid product are being sold as shell eggs to producers such as Sauder's to fill the surge in retail demand. But some producers whose "in-line" facilities are set up to carry eggs straight from the hens into breaking units are having difficulty shifting production.

About 60% of eggs that are broken for processing are produced in such in-line facilities, said Brian Moscogiuri, an analyst with Urner Barry.

Some farms that sell into the food service market also don't do the pathogen testing required by the Food and Drug Administration for fresh eggs, although those eggs probably account for less than 10% of U.S. production, said Moscogiuri.

**Moreover, producers such as Sauder say they can only pack so many eggs a day given the limitations on equipment. For its Northeast market, for example, Costco wants 100% more "than what we were able to produce for them last**

**week."** While Sauder's could fill some of the demand by procuring eggs from other producers who intended them for food service customers and hotels, he was still limited by his equipment.

**"You can only run so many eggs through the equipment in a given shift. It's not like there is a huge glut of capacity," he said.**

Jeff Henning, chairman of Iowa-based Henning Holdings, which operates several production facilities in the Midwest, said the egg industry's problems are similar in some ways to the disruption that has hit other livestock and poultry sectors.

**"Everybody in the ag sector, at least in the animal livestock sector, is looking at what the heck is going on here," he said.**

But the egg industry has so far not asked for direct aid from the federal government but has instead sought and received flexibility from FDA and USDA on regulatory requirements to facilitate the shift from food service to supermarket sales.

United Egg Producers also has asked USDA's Agricultural Marketing Service to buy processed egg products for food banks and make advance purchases for use in schools when they reopen.

**To address the carton shortage, FDA announced Friday that retailers can sell 30-egg flats, the type normally used for food service customers, without any Nutrition Facts or other labeling.**

The flats still must identify the manufacturer, packer, or distributor; include safe handling instructions, and make no nutrition claims. The eggs also must be sold by the complete carton or flat; shoppers can't buy individual eggs.



**Sauder isn't sure how much demand there will be for the flats, given some consumers won't want to buy them, and he's struggling to find carton supplies. One major carton producer is reporting a 50% to 60% increase in orders, and another supplier reported that its orders doubled for April, Sauder said.**

(Asking shoppers to bring their empty cartons back to stores isn't an option, since supermarkets don't want to risk the possibility of contaminating the store with COVID-19.)

For producers who have lost their market for processed eggs, it's a struggle to "figure out how to reduce production in the short term and not hurt yourself long term," said Henning.

One of their options is to molt their hens to stop them from laying for about six weeks. Molting hens requires reducing their light exposure and changing their feed. The far more drastic step for a producer is to depopulate flocks. Farms usually order new pullets up to a year or two in advance of getting them, experts say.

Sauder believes that it will take a while for the market to get back to normal even after stay-at-home orders are lifted.

**"Even after we're allowed to go back to our normal lives, I think that people will be hesitant to sit in crowded restaurants or get on planes or stay in hotels," he said.**



Jeff Henning, Henning Holdings

## **China's ag imports hit coronavirus barriers**

China has been making strides in living up to the promises it made in the "phase one" trade deal that went into effect February, but imports of U.S. ag commodities are still far below the levels many were hoping for, and the outlook is bleak as many tariffs remain in place and the coronavirus spreads.

Chinese imports of corn and wheat [spiked recently](#) and the country even boosted imports of old crop soybeans as Brazil dealt with weather and transportation issues, but hoped-for purchases of ethanol and distillers grains seem less likely while the pandemic continues.

**"In order for us to see significant sales, the U.S. needs to be able to make those sales and we need the Chinese to be able to purchase them,"** said American Farm Bureau Federation Economist Veronica Nigh. "It's very basic stuff, but with the coronavirus hitting both economies at nearly the same time, they both are being hampered significantly from being able to move the amount of product that we're looking at."

When the "phase one" deal was sealed, ethanol and DDGs were seen as holding great potential for boosting the U.S. ag trade surplus and helping China reach the promised \$36.5 billion in purchases in the 2020 calendar year.

The U.S. exported about \$1.6 billion worth of DDGs to China in 2015, before American exporters were hit with anti-dumping and countervailing duties. Hopes were high some of that trade could resume flowing as a result of "phase one."

**Chinese imports of U.S. DDGs “was a requirement in the purchases agreed upon in the ‘phase one’ deal,” U.S. Grains Council President and CEO Ryan LeGrand said last week. “It was key in those negotiations and we expect to see exemptions in duties that have been levied on our distillers grains.”**

Industry officials also hoped to see China lift the 70% punitive tariffs on U.S. ethanol, allowing trade worth as much as \$1.5 billion.

But now U.S. ethanol plants are going offline, unable to compete as gasoline prices sink in a world economy that is consuming less and less.

“If you look back, historically, ethanol is consistently priced below that of gasoline, priced below aromatics, below MTBE, which is an oxygenate still used outside of the United States,” said LeGrand. “That relationship has reversed recently and we’re seeing cheap, cheap gasoline prices and it’s making it pretty difficult for ethanol to compete.”

POET [just announced Tuesday](#) that it will “idle production” at two plants in Iowa and one in South Dakota, as well as postpone the opening of a new plant in Indiana.

“Biofuel producers and our farm partners are confronting an economic crisis beyond anything rural America has seen before,” said Growth Energy CEO Emily Skor. “Fuel demand has cratered, foreign nations have flooded the market with crude oil, and U.S. ethanol producers are bleeding cash after one of the toughest years in memory.”

**And with ethanol production declining, it’s going to be much harder to export DDGs to China, even if the country took down its steep tariffs.**



Ryan LeGrand, U.S. Grains Council

China, U.S. government and industry sources tell *Agri-Pulse*, was expected to buy both ethanol and DDGs in big quantities. China even laid the foundation for making large purchases of DDGs [by announcing](#) that it had approved U.S. companies to ship the popular animal feed. Last month, China’s General Administration of Customs published a list of [88 ethanol producers](#) that could begin shipping DDGs.

Even if China did exempt importers from anti-dumping and countervailing duties that run as high as 96%, prices for the feed are rising in the U.S. and there might not be enough to ship to China, which not so long ago was the number-one foreign market, said Nigh.

“With (billions of gallons) of ethanol being sidelined and not being produced, that’s a lot of DDGs that aren’t being produced,” the Farm Bureau economist said. “There’s a lot of demand for those DDGs, both domestically and internationally, which would push the price of those distillers grains up. There’s going to be a lot of competition for those available DDGs. Lack of supply is going to cause some headwinds.”

So far U.S. exports to China in fiscal year 2020 (which runs through September) are lagging sharply behind USDA predictions, according to Farm Bureau Federation Chief Economist John

Newton. While the forecast is for a meager \$14.5 billion, U.S. ag exports are only about halfway there, at about \$7.2 billion through February, he said. “Our current pace would put us between (\$10 billion and \$11 billion), which is well below USDA’s \$14.5 billion. It needs to start to accelerate.”

Of course, trade levels are not set for the rest of 2020 and the fourth quarter is historically a major time of the year for purchases. China has already signaled it will be buying a lot of U.S. soybeans. Furthermore, China is ramping up its chicken imports and laying the groundwork for drastically increasing the amount of U.S. beef it buys.

A little more than two weeks ago, USDA [listed hundreds](#) of new beef packers and storage facilities that are now eligible to export to China. And now trade is expected to grow soon, thanks to the country’s decision to lift its ban on beef from cattle treated with growth hormones as well as accept beef from cattle older than 30 months at slaughter.

Government sources say U.S. beef exports to China are ticking up already this year (the total was only about \$60 million last year), but the new lowering of restrictions has not yet been finalized. USDA estimates that U.S. beef and beef product exports to China could reach \$1 billion annually thanks to the China pact, but the U.S. Meat Export Federation estimated it could be double that in 2020.

But those estimates were made before the coronavirus pandemic.

“At some point we will have lots of product to be able to sell, but in this scary interim period, there’s some very real, practical constraints that are getting in the way of any potential demand expansion in the Chinese market,” Nigh said. “I’m glad that USDA and USTR are following up on implementation of the promises in the (phase one) agreement to get all of the new rules put into place while we’re dealing with the disruptions from this virus, so that when the disruptions are over, trade can come roaring back.”

## **Food banks seek more help to meet growing demand**

Food banks are adapting to doing business amid the COVID-19 pandemic in order to get food where it’s needed, but are also warning lawmakers and government agencies that they will require much more help in the days and weeks ahead.

**Feeding America, the nation’s largest hunger-relief organization with 200 member food banks, told House and Senate leaders in a [letter](#) Tuesday that \$600 million allocated in coronavirus aid bills for food purchases and \$250 million for distribution will not be enough.** The group is calling for an additional \$500 million for food purchases and \$500 million for distribution and storage.

“We remain concerned about our ability to identify enough resources to offset the increased food needs and distribution challenges, despite the incredible generosity of individuals and companies,” Kate Leone, the group’s chief government relations officer, said in the letter, which also calls for an expansion of eligibility and increased benefits under the Supplemental Nutrition Assistance Program, or SNAP.

Based on a survey at the end of March, Feeding America estimates costs will increase 30% over the next six months and could result in a jump of 17 million people, or 46%, experiencing food insecurity.

Food banks told Feeding America that they were seeing an average 60% increase in need for food assistance, and Carrie Calvert, the organization's Managing Director of Government Relations, says the number of food banks "reporting they urgently need food" is only expected to increase. One in five food banks told Feeding America they're worried about running out of food in the next two to four weeks, and 45 percent said they will distribute all their food under USDA's [Emergency Food Assistance Program](#) in the next four weeks.

**The food banks, Leone said, "are struggling to find shelf stable food to purchase for immediate food distribution as the supply chain adjusts" and less food is available from groceries and other retail outlets.**

USDA says half the \$600 million allocated in two congressional aid bills has made its way to the states, and the department is working quickly to allocate the rest.

In many cases, food banks report holdups in getting food to people because they normally have to collect employment and income information to determine eligibility. Other problems include a shortage of volunteers and the need for more deliveries to people who can't make it to the facility because they're in quarantine or have a disability.

**"In areas where there is significant economic impact and you have people waiting five hours in line for a food distribution, we can't sign new people up to receive food through [USDA's Emergency Food Assistance Program (TEFAP)] fast enough, even if we are utilizing no contact methods such as pre-registering with a volunteer over the phone," Calvert says.**



Marilyn Tomasi

Marilyn Tomasi, spokesperson for the Mid-Ohio Food Collective, which distributes food to 650 food pantries, soup kitchens, shelters, after-school programs, and senior housing sites across central and eastern Ohio, says her group had been allowing customers "to self-declare that they are in need of food," but on Tuesday the state received permission from USDA for a Disaster Household Distribution Program that should streamline delivery.

USDA has [given](#) seven states and seven tribes permission to operate the disaster programs.

**"Income and residency verification is not required for disaster household distributions, which are temporary in nature, and targeted to those areas with high need and food supply disruptions," a spokesperson for USDA's Food and Nutrition Service said.**

Lisa Hamler-Fugitt, executive director of the Ohio Association of Foodbanks, said in a [press release](#) that it took "weeks of bureaucratic haggling and red tape" for the Ohio National Guard and Ohio Military Reserve, who have been helping to distribute food, to get permission to run the program.

Tomasi says Gov. Mike DeWine's decision to deploy 100 National Guard personnel has helped in preparation, packing of, and delivery and distribution of food, meals and groceries.

Paul Donnelly, spokesman for the Food Bank of Larimer County, Colorado, says their biggest challenge right now is switching over from letting clients choose the foods they want at food pantries, to prepackaging food.

**"We have had to completely reconfigure how we get food out to clients," he said. "The drive-up model is working from a social distancing perspective, but the staff and volunteer time needed to prepackage food has been a major challenge," forcing the food bank to reduce distribution days and hours.**

In addition, "Although we are not set up for home deliveries, we are working with staff and volunteers to do weekly home deliveries for those seniors and other immune-compromised individuals who cannot or do not feel safe leaving their home for food," Donnelly said.

**"As with all COVID-19 processes, we are learning all the time and our processes are improving," he said.**

The lines of people seeking emergency food are indicative of the demand, but Tomasi says there's still a stigma to asking for help.

"Given the lay-offs in the hospitality industry, we are seeing many people in our community coming to the food pantry for the first time," she says. **"We are emphasizing that there is no judgement, no shame in getting help, especially when they are left with no income."**

In South Florida, where millions of pounds of fresh produce are being plowed under, growers have had some success in selling directly to customers on their farms, and Feeding Florida, the state's network of food banks, has been trying to secure funding to reimburse growers for the cost of workers to harvest and pack the crops to get them to food banks, Florida Fruit and Vegetable Association spokesperson Lisa Lochridge said. The problem, she said, is that retail demand has fallen off and the foodservice market has dried up.

**"It's my understanding that the food banks in South Florida can't take any more produce, although they are struggling to get it distributed for a whole host of reasons, including a drop in volunteers," she said.**

"There is still product to be consumed," she said. "We just have to get it out into the supply chain ... but time is of the essence."

Feeding America's Calvert confirmed that although food banks are still distributing produce that can be donated in household size packaging, a combination of agency closures, fewer volunteers, and the need for additional refrigeration capacity is making it hard to take additional bulk size produce donations. The group is backing efforts by the American Farm Bureau Federation and other commodity groups to support USDA purchases of consumer-ready produce for donation to food banks.

## **Q&A with NASCOE President Brandon Wilson on farm programs**

Because of the COVID-19 pandemic, USDA's Farm Service Agency has been operating since March 23 without allowing visitors to enter its service centers, a policy that has forced FSA employees to adapt to a new way of doing business.

USDA Undersecretary for Food Production and Conservation Bill Northe says the FSA personnel are working with producers using phone appointments as well as "email and online tools whenever possible."

"We continue program signups, loan servicing and other important actions on behalf of producers as we look to new ways to deliver the programs, loans and other necessary actions," Northe told *Agri-Pulse*. "**USDA is also reviewing program flexibilities to ensure we provide the safety net and loan options our agriculture producers need.**" On the coronavirus, Northe says USDA "is closely monitoring the situation and continues to take steps to ensure the safety of employees and customers."

In the following Q&A, which was conducted by email, Brandon Wilson, president of the National Association of FSA County Office Employees, offers NASCOE's view on how the COVID situation has been handled by the Department of Agriculture, NASCOE members' morale, and current operations.

Wilson made clear that his comments "are those of NASCOE and do not represent the positions of USDA or FSA. Any questions about official USDA or FSA policy should be directed to USDA and/or FSA."

### **How many FSA employees are NASCOE members? What percentage of FSA employees is that?**

FSA County Office Program staff numbers around 6,700 nationwide. NASCOE, which is a voluntary professional employee association, represents all of these employees and enjoys a membership percentage of around 82%. NASCOE's mission is to improve both customer service and working conditions for County Office employees. NASCOE also promotes the value of FSA's services to decisionmakers and various stakeholders. FSA County Office employees are unique in that they are hired and supervised by locally elected farmers and ranchers who serve on the FSA County Committee.

### **How well has the department handled the coronavirus situation thus far?**

The department's response has been fluid as this unprecedeted modern-day situation has unfolded. FSA's mission is important, and USDA has been committed to continuing service to our producers.

### **How are FSA employees handling it? Are operations proceeding normally?**

Our members are anxious like the rest of America. We're concerned about our health, the health of our families and the health of our customers. However, we also understand the uncertainty in the agricultural community and are committed to minimizing disruptions to our farmers and ranchers. While there will be a learning curve associated with no customer face-to-face interaction, we are confident that FSA will continue to work with producers to deliver our

programs. Although we're operating without physical visitors in the office, FSA employees are available to our customers by phone, mail, e-mail and other technology. We're using flexible work schedules to maximize safety and productivity and, in some instances, laptop computers to assist with telework.

**Are customers concerned about FSA employees and vice-versa? Before the new policy requiring that no face-to-face interactions started, do you feel employees were protected adequately?**

Employee and customer health and safety is of upmost concern to NASCOE. When the COVID-19 outbreak was classified as a "pandemic," NASCOE immediately began voicing concerns to FSA management about taking pro-active and precautionary safety measures. Feedback was properly provided to management, which eventually resulted in moving employees from a more exposed position to a less exposed position in the workplace. It became quite clear that employees were more at ease in the new controlled environment. In many rural communities, businesses such as ag suppliers and implement dealers had already taken similar measures.

**Is it important to relax some regulatory requirements in the face of the pandemic?**

Not being a legal expert, it's difficult to speak on regulatory requirements as they pertain to FSA programs in the face of a pandemic. FSA has announced they are relaxing some processes, particularly regarding farm loans, and has also moved to allow employees to accept additional forms by electronic signature. FSA employees plan to continue helping customers with complex government programs.

FSA is currently analyzing barriers that restrict customer service during this pandemic, as well as exploring new and innovative ways to serve our producers while supporting telework and safe social distancing. Soon after the outbreak, NASCOE was given an opportunity to place volunteers from our county offices on an FSA customer service task force tasked with developing new ways to continue operations in this new environment.



Brandon Wilson, NASCOE

**What stage is ARC/PLC signup at right now?**

ARC/PLC signup is all but wrapped up. Having just completed both ARC/PLC and a general CRP sign-up, many county office employees are in a period of "catch-up" right now. FSA also is still accepting applications for WHIP+ and other disaster and price support programs. NASCOE anticipates very important new work assignments associated with recent actions taken by Congress to mitigate the effects of COVID-19 on our farmers and ranchers. Our historically busier times are expected later this spring and summer when crop acreage reporting starts.

**What's the mood/morale of your members right now?**

FSA employees are understandably anxious. We were glad the department agreed with NASCOE about potential COVID-19 exposure concerns. As a result, county office staff eventually moved to a more limited employee/customer interaction. When the new working arrangements were announced, employees were relieved as conditions that presented potential exposure to both our employees and producers were reduced. Moving forward, employees will

be very mindful of generally-accepted practices that reduce chances of contraction and spread of COVID-19 in the workplace. We have some situations where employees who are now teleworking do not have access to portable computers or reliable internet. Other situations exist where employees now have dependents at home who need full time care or home schooling. We are actively working with FSA to arrive at solutions to accommodate some of these situations while continuing to serve our producers.

## News Briefs:

**FDA, USDA need to reach agreement on animal biotech, BIO says.** The COVID-19 pandemic highlights the need for an overhaul of the government's regulatory system for animal biotechnology products, the Biotechnology Innovation Organization said in a letter to President Donald Trump Tuesday. The Food and Drug Administration's "current approach to regulating all applications of this technology as a 'new animal drug' should be replaced with a new model that more appropriately draws upon existing legal authorities to safeguard animal health, food safety, and the environment," BIO President and CEO Jim Greenwood [said](#). BIO called on USDA and FDA to sign a Memorandum of Understanding within 30 days, a move [endorsed](#) by Ag Secretary Sonny Perdue in February. Animal biotech researchers have been critical of FDA's approach, saying it is cumbersome and hinders the development of new technology. In its one-page letter, BIO said "COVID-19 highlights the interconnectedness of human, animal, and environmental health. While it would not have prevented the current pandemic, animal biotechnology holds enormous potential to safeguard society from future zoonotic diseases that frequently exact high economic and health costs, and to develop human therapeutics relevant to the current outbreak." Zoonotic diseases are those that jump from animals to humans, as is suspected in the case of the novel coronavirus. In an [opinion piece](#) posted on the *Agri-Pulse* website Tuesday, BIO Executive Vice President for Food and Agriculture Dana O'Brien said, "As the climate changes and populations grow and move, these zoonotic diseases will become more prevalent and potentially more dangerous."

**New global trade organization passes regulatory approvals.** A half dozen global grain giants have received regulatory approval to incorporate Covantis, a legal entity based out of Geneva, Switzerland. ADM, Bunge, Cargill, COFCO, Louis Dreyfus Company and Glencore Agriculture teamed up to launch Covantis SA in 2018. The goal was to create an industry initiative aimed at modernizing global trade operations. Petya Sechanova has been tapped to lead the company as its CEO. Sechanova most recently served as the trade operations leader for Cargill, a company she had been with for the past 11 years. One member from each of the six co-founders will oversee the company on a board of directors. The first director will be appointed by Louis Dreyfus Company, and will act as chair for the first 12 months. Stefano Rettore will continue in his role as an independent adviser to the board until June. After that a new successor will be announced.

**State inspectors eyed to address potential FSIS shortages.** A possible shortage of federal meat inspectors for beef, pork, and chicken packing houses could be addressed by a group of similar professionals: state inspectors. When asked by *Agri-Pulse* if the agency was conducting outreach with state officials on the matter, a spokesperson for USDA's Food Safety and Inspection Service said "FSIS has existing cooperative agreements in place with Meat and Poultry Inspection (MPI) programs in several states. Both FSIS and state MPI programs will continue to work together to ensure the nation's meat and poultry supply is safe, wholesome, and properly labeled." "FSIS is prepared to be operationally nimble and to use all administrative

means and flexibilities available to protect the health and safety of employees based on local public health recommendations," the spokesperson added. "Planning for absenteeism is a part of normal FSIS operations. FSIS has a plan and authority to address staffing considerations and is prepared to act accordingly." Paula Schelling — president of the American Federation of Government Employees Council 45, which represents more than 6,500 food inspectors nationwide — told *Agri-Pulse* she had "heard the rumblings" about the potential usage of state inspectors to backfill gaps in the FSIS workforce, but "I have yet to have a confirmation that that is going to occur." While there have yet to be facilities totally shut down due to illness among inspectors, several plants have ceased operations amid the outbreak, including this week's [suspension of Tyson's Columbus Junction, Iowa, pork plant](#) due to more than two dozen cases of COVID-19 and in Mifflintown, Pennsylvania, Empire Kosher Poultry suspended operations until April 13 after two plant employees tested positive for COVID-19. Plants cannot operate without the presence of an inspector.

## Farm Hands on the Potomac...

House Ag Committee Chairman **Collin Peterson** has hired **Chu-Yuan Hwang** as a senior counsel to the Committee. Hwang previously worked as an attorney for the Office of the General Counsel at USDA, touching on issues related to the Supplemental Nutrition Assistance Program and other domestic nutrition assistance programs. Before joining USDA, Hwang worked as an associate for a law firm in Washington, D.C., practicing labor and employment law.

**Ben Famous** has joined the Glover Park Group as the new vice president of strategic communications. Famous most recently worked as the head of strategic communications for food and restaurant group CAVA and previously worked as the communications director for the Senate Ag Committee.

Farm Foundation hired **Martha King** as the new vice president of programs and projects. King co-owns Finbery Inc., a family farm located in Illinois. King has worked in academia at St. Louis University, Loyola University, and currently serves as the assistant dean and executive director for the biological sciences division in the office of academic affairs at the University of Chicago.



Ben Famous

Riceland Foods tapped **Ben Noble** to serve as vice president and COO for the farmer-owned cooperative. Noble first joined Riceland as vice president of marketing and strategy in September 2017, then added the role of vice president of sales in August 2018.

Farm Journal has partnered with Aimpoint Research in a strategic alliance that will combine assets to create Farm Reach Vision. In this new alliance, **Doug Edge** has been promoted to senior vice president of business solutions at Farm Journal. Last week, we incorrectly reported Edge was leaving Farm Journal and moving to Aimpoint Research.

**Thomas Mills** has moved to the office of Sen. **David Perdue**, R-Ga., as a legislative assistant. He covers the portfolio of agriculture, trade, labor, futures trading, nutrition, environment, Army

Corp of Engineers, energy, and forestry. Mills previously worked at EPA as the deputy public engagement director.

**Josh Cohen** has been promoted to chief of staff for Rep. **Lois Frankel**, D-Fla., and **Bradley Solyan** has been promoted to legislative director. Solyan covers the portfolio for agriculture and food, animals, energy, environmental protection, transportation, telecommunications, and public lands and natural resources.

**Jordan Howard** now serves as a legislative assistant for Rep. **Bradley Byrne**, R-Ala. Howard covers the portfolio for transportation and public works.

**Kyle Jacobs** has been promoted to senior legislative assistant and has added the role of press secretary for Rep. **Phil Roe**, R-Tenn. Jacobs covers the portfolio for appropriations, energy, environmental protection, immigration, natural resources, and small business.

**Greg Adams** will cover the foreign affairs portfolio for Rep. **Barbara Lee**, D-Calif., as her new legislative director. Adams previously worked for integrated development group Locus as managing director.



Thomas Mills

**Mitchel Hochberg** now works for Sen. **Kirsten Gillibrand**, D-N.Y., as a legislative assistant covering the small business and international affairs portfolio. Hochberg previously worked for Rep. **Jackie Speier**, D-Calif.

Rep. **Dan Crenshaw**, R-Texas, has promoted **Nikolai Hood** to legislative assistant covering the small business portfolio.

**Lynn Hatcher** now serves as the communications director to Rep. **Alex Mooney**, R-W.V.

**Jason Noble** has joined the team of Rep. **Abby Finkenauer**, D-Iowa, as a senior communications adviser. Noble previously worked on **Elizabeth Warren's** campaign as the Iowa communications director.

**Heidi Todacheene** now works as a legislative counsel to Rep. **Deb Haaland**, D-N.M. She covers agriculture and food, animal welfare, and small business issues.

**Michael Case** moved up to legislative assistant from aide for Rep. **Andy Barr**, R-Ky. Case covers the natural resources, transportation, public lands, and public works portfolio.

**Annie Orloff** has been elevated to deputy communications director for Sen. Tom Udall, D-N.M. She previously was working in the role of press secretary.

**John Witherspoon** now works as the legislative director for Rep. **Tim Burchett**, R-Tenn. He covers the portfolio of energy and small business.

**Heather Smith** has moved to the office of Rep. **William Timmons**, R-S.C., as the new communications director. Smith previously was the communications director for Rep. **Debbie Lesko**, R-Ariz.

**Fred Adams**, founder of Adams Egg Company in 1957, passed away on March 29, at the age of 88. Adams Egg Company was incorporated in 1969 as Cal-Maine Foods, in Jackson, Miss. Adams served as chairman and CEO of the company until 2012, when he was named chairman emeritus. Throughout his career, Adams served as a director of National Egg Company, United Egg Producers, U. S. Egg Marketers, Egg Clearinghouse, and the Mississippi Poultry Association.

Past president and CEO of the U.S. Grains Council, **Darwin Stolte**, passed away at the age of 86. Stolte served as USGC president and CEO from 1970 to 1989. Stolte was a graduate of the University of South Dakota and after graduation served in the United States Army. He started with the Grains Council in 1966 as the livestock development specialist for Europe, based in Rome. During his career, Stolte participated in discussions on agricultural trade with the Soviet Union, and was a key figure in the opening of agricultural relations with China in 1979.



Darwin Stolte

**Best Regards,**

**Sara Wyant**

**Editor**

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