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## Cotton-dairy failure leaves big budget hole, farm bill bitterness

Lawmakers' stunning failure to agree on aid to cotton and dairy producers has left the House and Senate Agriculture committees facing a multibillion-dollar budget hole as they prepare to write the next farm bill. The outcome has also produced recriminations and a level of acrimony among lawmakers and their aides that is rare on Capitol Hill when it comes to writing farm policy.



House Agriculture Chairman Mike Conaway

As recently as Friday, a senior lawmaker told *Agri-Pulse* that prospects for getting the provisions into the fiscal 2017 budget agreement were “looking good.” **But in reality, according to interviews with sources close to the negotiations, a resolution to the dairy and cotton issues was far from a done deal. When the agreement was finally released early Monday morning, neither provision was anywhere to be found.**

The National Cotton Council (NCC) and House Agriculture Chairman Mike Conaway, R-Texas, were furious. They openly accused the top Democrats on the Senate Agriculture and Appropriations Committees – Debbie Stabenow of Michigan and Pat Leahy of Vermont, respectively – of sabotaging the cotton proposal. Stabenow and Leahy, who proposed a dairy assistance plan that was paid for by reducing the planned cotton payments, **“should not be playing games with the livelihoods of those who work hard to put food on our tables and clothes on our backs,”** said Conaway.

Stabenow, who puts the blame on cotton producers, had insisted that the budget agreement provide aid to dairy farms if the cotton assistance was included. She said the issues are best dealt with in the broader debate over the farm bill when all commodities and regions are involved. **“This is a farm bill discussion. They wanted to do something outside the farm bill discussions for one crop,”** she said.

It was never going to be easy to get a new farm bill written in this Congress, given the mid-term elections looming in 2018. **Now, it’s a lot harder, if not quite impossible, given the bitterness**

**that's likely to linger from the budget showdown and the challenges of finding the money to address cotton and dairy in the farm bill.**

“Had the issue been resolved now, all parties would have come to the table a little more calm,” said Bob Young, the American Farm Bureau Federation’s chief economist. “Tell me what pot we’re going to take the money out of to make this happen next time?”

A congressional aide who worked on the issue said, **“We’ve got no increased baseline for anything, and we’ve got people who are absolutely furious... What good came of this?”**



The cotton provision, which NCC first proposed to lawmakers last fall, would have made cottonseed eligible for the Price Loss Coverage and Agriculture Risk Coverage program. **The Congressional Budget Office estimated that it would trigger about \$4 billion in PLC payments over 10 years, but the cost would have been fully offset by changes in other programs involving cotton.** [The proposal](#) called for ending the Stacked Income Protection insurance program for cotton and reallocating what are known as “generic base” acres, former cotton acreage for which many producers are getting subsidies for other commodities. The plan would have set a new PLC reference price for cottonseed of \$15.88 per hundredweight, according to the legislative text obtained by *Agri-Pulse*. That’s well below the \$20.15 reference price that the 2014 farm bill set for “other oilseeds.”

Sen. Debbie Stabenow

**Critical to the deal was a decision by House leaders to allow [CBO to estimate the cost, or score, of the plan based on CBO’s March 2016 forecast](#), not a more recent forecast issued in January. The difference was huge: Using the January forecast would have raised the cost of the provision by more than \$1 billion.**

The proposal became a personal mission for Conaway. He lobbied the chairman of the House Appropriations Committee, Rodney Frelinghuysen, R-N.J., to support the provision, while some members of the Congressional Black Caucus, including Georgians David Scott and Sanford Bishop, appealed to the ranking Democrat on House Appropriations, Nita Lowey, D-N.Y.

But in April, as the congressional budget negotiations began to heat up, cotton producers and their congressional allies quickly ran into a problem with Senate Democrats, namely Stabenow and Leahy, both former chairs of the Senate Agriculture Committee. **One Republican aide, reporting on Senate Democratic views toward the cotton provision, said in an email obtained by *Agri-Pulse* that Democrats were likely to oppose the cotton provision but that they might offer a dairy proposal as “tit for tat.”** “Their only justification to oppose is b/c (because) Stabenow wants to use cotton as leverage in the next farm bill to get what she wants,” the email said.

**The Democrats last week offered a four-part dairy proposal that that would have provided more than \$800 million in assistance over 10 years to milk producers.** To pay for it, the senators proposed reducing the proposed cottonseed reference price to \$14.64. To Democrats the plan was modest compared to what cotton producers were slated to get under their plan, and it would take advantage of the savings House negotiators were claiming by getting CBO to score the plan against its March 2016 baseline.

**The National Milk Producers Federation was caught in the middle.** Jim Mulhern, the group's president and CEO, says his members badly need improvements to the Margin Protection Program, but he insists his group actively opposed cutting the cotton proposal to pay for it.

**“Our position was to address dairy and cotton on their merits as separate programs,” Mulhern told *Agri-Pulse*. “We did not support using the offset that had been identified for cotton. We did not support using that for dairy.”** He went on, “Cotton needs to be fixed. Dairy needs to be fixed. Cotton had an offset for their program. Dairy didn't have an offset, because we didn't have much of a baseline.”

The Stabenow-Leahy plan overhauled dairy's Margin Protection Program in part by raising the basic coverage level from \$4 to \$5 per hundredweight and eliminating the \$100 annual administrative fee. To target assistance to smaller scale farms, the proposal also reduced premiums for buy-up coverage for the first 4 million pounds of milk. Finally, the plan changed the period for margin calculations from every two months to every month.



Cotton producers, who had a key ally of their own in the negotiations, Senate Appropriations Chairman Thad Cochran, R-Miss., didn't want their plan cut, sources say. Doing so would have risked dividing the cotton industry itself. Cotton producers also didn't think it was fair to give up funding offsets that came from cotton-linked programs. By late afternoon or early evening Sunday, despite a private conversation between Leahy and Cochran, it was clear to staff that the negotiations had reached an impasse.

**Neither commodity has anything to show for itself now. That \$1 billion in savings that came from using the March 2016 CBO baseline is almost certainly gone.** Next time, lawmakers will have to use a later baseline.

“There was no rationale or justification for linking support between cotton and dairy producers,” said Ronnie Lee, chairman of the Cotton Council. “These actions not only have left cotton producers with no near-term options to help them deal with long-running economic issues, but have harmed the prospects for developing a new farm bill. Without the cottonseed policy in place, the result is that all farm bill stakeholders will be seeking support from an expected smaller overall budget available for the next farm bill.”

But Stabenow does have some significant leverage with Conaway going into the next farm bill, because cotton producers are still likely to be desperate to get into PLC. **“Folks are seeing that if they come together in a coalition they get things done, but if they try to pit one commodity against another it usually that means we can't get something done,”** she said.

There's still a chance that the Trump administration could provide the cotton industry with new assistance. Agriculture Secretary Sonny Perdue will likely be asked to do what his Democratic predecessor, Tom Vilsack, refused to do: Deem cottonseed as eligible for PLC, as an “other oilseed” at the \$20.15 reference price. **But that would cost more than the budget proposal,**

**and Perdue can't legally make the changes to STAX and generic base acres that require congressional action.**

White House Budget Director Mick Mulvaney, who was a Tea Party supporter when he served in Congress, would almost certainly have to sign off on such a decision by Perdue. When Vilsack was considering the proposal, USDA estimated internally that the PLC payments could cost as much as \$1 billion a year.

Chuck Conner, the president and CEO of the National Council of Farmer Cooperatives, and a veteran of numerous farm bills, said the failure to get the dairy and cotton provisions into the budget agreement is **"clearly a complicating factor" for the next farm bill. "Budgets are very, very tight."** Conner continues to argue that farm groups need to pressure congressional leaders to provide more funding for the next farm bill.

Mary Kay Thatcher, a lobbyist for the American Farm Bureau Federation, fears the acrimony is likely to linger. **"I suspect this doesn't settle until after the farm bill ... It's always hardest when you have a limited budget and everybody is fighting for that last nickel, but usually the fights don't start quite this early."**

## **Perdue focused on trade, trade, trade... and other high-priority issues**

Sonny Perdue was confirmed as the 31<sup>st</sup> secretary of agriculture just over a week ago. But he had plenty of days waiting on his confirmation to think about departmental priorities. Much of his



Agriculture Secretary Sonny Perdue spoke to NAFB members on Tuesday.

thinking was shaped during visits with 75 senators as part of his confirmation process, where he clearly learned about priorities from members of the upper chamber.

**The number-one, -two and -three Senate priorities were "trade, trade and trade,"** Perdue told members of the National Association of Farm Broadcasting during a briefing Tuesday. Labor and regulatory issues were the fourth and fifth most frequently mentioned, respectively.

Perdue, who helped persuade President Trump last week to renegotiate rather than exit the North American Free Trade Agreement

(NAFTA), offered several key points on trade, which he described as one of his key responsibilities. **"The good news is that I'm a 'grow it and sell it' kind of guy," he added.**

The former Georgia governor says he has already developed a great relationship with other key White House trade players, including Secretary of Commerce Wilbur Ross and predicted that he would also work well with U.S. Trade Representative Robert Lighthizer when he's confirmed.

**“He (Ross) has already been engaged on several ag issues, like sugar. He wants to know more about our thoughts on NAFTA. There will be some interagency cooperation like you’ve not seen in the past,”** Perdue emphasized. From all indications, he’ll need a strong team effort to combat some of the more protectionist advisors on the White House staff. On other trade-related issues:

**Opening Chinese markets.** Perdue said progress is being made on re-opening Chinese markets to U.S. beef. Last week, President Trump asked Perdue to write a letter to President Xi and “tell him of our willingness and desire to get U.S. beef into China.” Then Trump planned to put a personal note along with the letter.

“Those are the kinds of personal relationships that matter,” Perdue explained, while also noting that he planned to be “latched at the hip” with Iowa Gov. Terry Branstad, Trump’s nominee to be ambassador to China. Perdue expressed optimism that Trump’s team could also address trade disputes on ethanol, distilled-dried grains, and genetically modified organism trait approvals.

**New Undersecretary for Trade.** The Agricultural Act of 2014 gave USDA a directive to develop and report on a reorganization plan – leading to the establishment of a trade under secretary position – but previous USDA Secretary Tom Vilsack was reluctant to make the farm bill changes during the waning days of the Obama administration. Perdue says he plans to create an under secretary for trade position, but did not provide details as to how he would separate the USDA mission areas with trade responsibilities. “With FSA, we want employees to think about serving our farmers day in and out; at the Foreign Agriculture Service, we want employees to wake up each day thinking about, ‘How do I sell more.’”

**Sugar.** The Department of Commerce (DOC) announced earlier this week that it would end the antidumping and countervailing duty suspension agreements in place with Mexico and impose duties on Mexican sugar beginning June 5, unless the two countries can reach an accord before then to stop Mexico’s unfair trading practices. Perdue said he was hopeful that both sides could still cut a deal.

“I hope everyone will come to the conclusion that it’s in their best interest to meet somewhere in the middle. We aren’t asking sugar beet or cane producers to do things that are not in their best long-term interest...I’m not going to ask anybody to sign a deal that’s going to put them out of business, but we do want them to think long and hard about the consequences of the U.S. procuring raw sugar at the world market at lower prices than we are paying today.”

## **Branstad has bipartisan support to be the next ambassador to China**

Iowa Gov. Terry Branstad breezed through two hours of detailed questioning Tuesday at his confirmation hearing to be the next ambassador to China, apparently garnering bipartisan support from members of the Senate Foreign Relations Committee.

The questions ranged from beef trade with the Asian nation to China’s role in countering North Korean aggression, but Branstad answered them all, paving the way for noncontroversial votes by the committee and the full Senate. No votes have been scheduled.

“Beijing is not Des Moines, but I know that your relationship with President Xi spans decades, and I’m confident that you fully understand the breadth and depth of the challenges awaiting you in China,” Chairman Bob Corker, R-Tenn., told Branstad during the hearing.

It was a sentiment expressed by other committee members including Republican Todd Young of Indiana and Democrats Chris Coons of Delaware and Ben Cardin of Maryland.



Iowa Gov. Terry Branstad

Branstad has known Chinese President Xi Jinping for more than 30 years – long before Xi was president. The two first met in 1985 when Xi led a corn-processing delegation to Iowa and Branstad hosted the visitors in the governor’s mansion.

“If confirmed I hope to use my unique position as an old friend of President Xi and the trusted confidant of President Trump to positively influence the U.S.-China relationship,” Branstad said. That friendship with Xi could help the U.S. negotiate an end to the Chinese ban on U.S. beef, Branstad said.

“I want to serve American beef – specifically Iowa premium beef – at the embassy and at the ambassador’s residence,” Branstad told the lawmakers. “I don’t think it’s fair that right now we have to serve Australian beef or Argentinian beef.”

China buys about \$2.6 billion worth of beef every year, according to the National Cattlemen’s Beef Association, and the group has made it a priority to regain access to that market.

China banned U.S. beef in December, 2003, after the first case of mad cow disease was detected in the U.S. Since then China has announced twice that it was lifting the ban, but trade still has not resumed.

Getting China to lift the ban has become a priority for the Trump administration, and Agriculture Secretary Sonny Perdue told reporters Monday that he is working on a strategy at the request of Trump. Sen. John Barrasso, R-Wyo., who just returned from a trip to China, told *Agri-Pulse* Tuesday that he saw signs that China was finally willing to lift the ban.

Branstad also stressed at the hearing that he would be able to be tough and critical when needed, treating China as an ally or an antagonist, when appropriate.

“Just because China’s leader calls me a friend doesn’t mean I won’t bring up criticisms,” he said. “I’ve seen areas where we’ve made progress and I’ve also seen areas where we’ve lost ground,” he said. “We have to be vigilant ... where we think they’re being unfair.”

One of the areas where China is treating the U.S. unfairly is on distiller’s dried grains with solubles (DDGS), Branstad said.

In January, China's Commerce Ministry announced it was slapping anti-dumping and countervailing duties on U.S. DDGS that total about 90 percent of the price on the feed product. Beijing charged the U.S. industry was unfairly benefiting from subsidies.

China bought 6.3 million tons of DDGS in 2015, valued at about \$1.6 billion, according to U.S. Grains Council officials. That was up from 4.3 million tons – or \$1.25 billion worth – in 2014. The new duties imposed by China have effectively brought that trade to a halt.

Growth Energy CEO Emily Skor released a statement after the hearing, lauding Branstad for his concern over China's treatment of DDGS, which are a co-product of ethanol production.

“Gov. Branstad has been an incredible ally and champion of the American ethanol industry, and having him as our ambassador to China would be an important step forward in helping re-open the Chinese marketplace to American ethanol and distiller's grains. We are eager for his confirmation and hope the Senate will confirm him quickly.”

## **FDA to mull 'healthy' comments in crafting new definition**

The Food and Drug Administration will have to sift through hundreds of comments containing often-conflicting advice as it tries to redefine the term “healthy” for use on food products.

FDA accepted comments until April 26 and now has the unenviable task of trying to figure out how to balance the recommendations of the 2015-2020 [Dietary Guidelines for Americans](#) (DGA), which emphasizes the importance of dietary patterns as a whole, with Americans' need for specific nutrients.

At least one group said FDA needs to go back to the drawing board. The Academy of Nutrition and Dietetics, the largest association of food and nutrition professionals in the U.S, said the science behind the DGA needs to be improved.

**“The academy remains concerned about the present state of scientific analysis..., specifically the inability of (USDA's) Nutrition Evidence Library (NEL) to support inferences about the contributions that individual food groups make to the overall effect observed for a dietary pattern,”** the academy said in its [comments](#). The NEL supported development of the DGA by conducting systematic reviews on diet and health.

But NEL's reviews for specific food groups relied on insufficient evidence and produced inconsistent results, the academy said. For example, in the cardiovascular disease review, dairy “was reported both negatively and positively in different studies,” the academy said, quoting the NEL review. “One study reported an unfavorable association between total dairy and (coronary heart disease) risk; however, two studies reported a favorable association between total dairy and (hypertension).”

“We strongly encourage the FDA to review the present status of the research to ascertain whether the gaps in the NEL's scientific process have been remedied,” the academy said, recommending that FDA postpone the “healthy” rulemaking “unless and until the inferences underlying many of the proposed regulatory schemes suggested by various commenters are supported by rigorous scientific substantiation.”

The academy also said FDA needs to conduct more consumer research. “Although ‘healthy’ is seemingly well-understood, it has an amorphous ‘we know it when we see it’ essence to it,” the group said in its comments. “Not only does ‘healthy’ lack a specific, common definition, but the definitions are not universal or objective.”

The academy said its members are concerned that labeling individual food products as “healthy” may, in fact, “make it less likely that consumers understand that the DGA recommends that a healthy eating pattern includes vegetables, fruits, whole grains (while limiting, not eliminating, refined grains), fat-free and low-fat dairy products and nutrient-dense protein sources, because it is unlikely that a packaged meal would include all of these groups in portion-sizes recognized as servings.”

**The issue of “added sugars” received a lot of attention in the comments. The [Center for Science in the Public Interest](#), for example, said “healthy” foods should not be allowed to contain more than 3 grams of added sugars, or about 5 percent of the [Daily Value](#). CSPI cited a wide range of bad health outcomes associated with overconsumption of added sugars, including “excess body weight in children and adults and an increased risk of type 2 diabetes in adults that is not fully explained by body weight.”**

**[Ocean Spray](#), however, said that if FDA addresses added sugars, it should “create an exemption where nutrient-dense naturally tart fruits are concerned.”**

“An accommodation allowing cranberry products with appropriate levels of added sugars to fit within the ‘healthy’ definition is essential to letting consumers understand that these products fit within the positive eating patterns endorsed under the Dietary Guidelines,” the grower-owned cooperative said in its comments. It cited the DGA’s statement that “there is room for Americans to include limited amounts of added sugars in their eating patterns to improve the palatability of some nutrient-dense foods, such as fruits and vegetables that are naturally tart (e.g. cranberries).”

CSPI also said that the “healthy” definition “should encourage the healthiest form of fruit – whole fruit – and exclude fruit juice.”

“A ‘healthy’ claim on juice, even 100 percent fruit juice, would likely promote excess consumption of calories from fruit juice, which may lead to weight gain among both children and adults,” the group said.

The [Juice Products Association](#) disagreed, saying that 100 percent fruit and vegetable juices and 100 percent juice blends “be subject to the same criteria for ‘healthy’ that apply to raw fruits and vegetables and single-ingredient or mixtures of frozen or canned fruits and vegetables.” The 100 percent juices and blends “contribute a variety of required nutrients to the diet and support healthy dietary practices.”

#### **Among other comments:**

The [North American Meat Institute](#) said processed foods should be eligible for a “healthy” label. “Processing allows perishable products to last longer through freezing, canning, and other preservation methods. Such production practices allow for maximum utilization of crop yields and minimize the potential for food waste. Processing also allows fortification of nutrients that may not be consumed naturally.”

The [International Dairy Foods Association](#) urged FDA to establish criteria for a “healthy” claim “specifically for the dairy food category, taking into consideration the full nutrient profile and dietary contributions of dairy.” IDFA also called for no limit on total fat and no limit on saturated fat when the source of saturated fat is milkfat. “If milkfat is not exempted from saturated fat limits, all lowfat and fat free dairy products should be included in ‘healthy’ claim,” IDFA said.

[KIND LLC](#), which jump-started the process of redefining “healthy” when it [petitioned](#) FDA in December 2015, said that food products with a “healthy” nutrient content claim “should contain a meaningful amount of foods that are part of a healthy dietary pattern and identify the source and quantity of the ingredient(s) supporting the meaningful amount requirement” and that there should be no threshold for “good” nutrients. Second, the “healthy” definition should not include thresholds for “good” nutrients such as vitamins A, C and D, calcium, iron, potassium, protein, and fiber.

The [Grocery Manufacturers Association](#) proposed that “the current list of nutrients included in the interim definition of ‘healthy’ — protein, fiber, calcium, iron and vitamins A & C – be expanded to include choline, magnesium and vitamin E, (which) were all identified as underconsumed nutrients in the 2015-2020 DGA.” GMA also supported retaining current provisions that allow fortification to meet the [10 percent requirement for nutrients](#).

The [American Beverage Association](#) said that “unsweetened, zero-calorie beverages should automatically qualify to bear a ‘healthy’ label. Such beverages could include unflavored and flavored non-carbonated (still) and carbonated (sparkling) waters; unsweetened, zero-calorie teas; or unsweetened, zero-calorie coffees.”

## **U.S. farm groups seek trade stability amid turbulence over NAFTA**

Last week was a roller-coaster ride for U.S. agriculture after President Donald Trump first threatened to pull the U.S. out of the North American Free Trade Agreement (NAFTA) and then, almost as suddenly, announced he was willing to negotiate with Mexico and Canada to keep the trade pact alive – maybe.



**U.S. farm groups, one after the other, are sending their highest-ranking representatives to Mexico to try to reassure buyers that the U.S. will remain a stable source of corn, soybeans, dairy, pork and beef.** It has become increasingly difficult because Trump continues to threaten to pull out of the 23-year-old deal that assures billions of dollars of U.S. agricultural commodities continue to flow south of the border.

“Well, I was going to terminate NAFTA as of two or three days from now,” Trump told reporters last Thursday, but said Mexico’s president and Canada’s prime minister persuaded him to hold off. And Secretary Perdue managed to arrive at the White House just in the nick of time with a graphic explaining the disastrous economic and political implications of withdrawal.

**“Now, if I’m unable to make a fair deal, if I’m unable to make a fair deal for the United States, meaning a fair deal for our workers and our companies, I will terminate NAFTA. But we’re going to give renegotiation a good, strong shot,” the president said.**

**It wasn’t the ironclad commitment that farm groups would have liked, but it meant disaster was at least temporarily averted.** What it didn’t do was stop Mexican importers from reaching out to suppliers including Argentina and Brazil in case a trade war erupts with the U.S.

It’s that uncertainty spreading through Mexico that spurred U.S. Grains Council President Tom Sleight to lead a delegation there last month, and it’s why two more similar trips are planned later this month and in June.

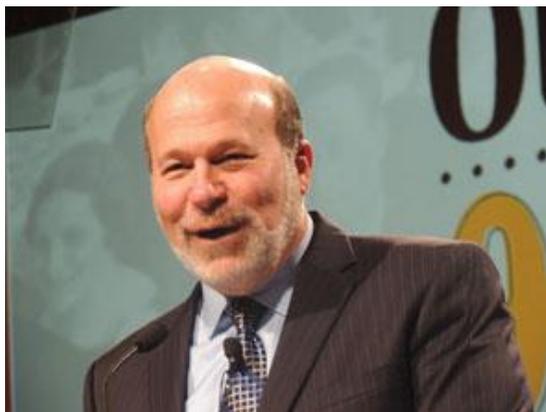
**“They were upset,” Sleight told *Agri-Pulse*, referring to Mexican importers. “So, we decided to go down there – myself and (USGC Chairman Chip Cuncell) – to basically listen to them, to hear what they had to say ... We went from Mexico City to the West Coast and then over to the Yucatan Peninsula. And every stop along the way they were all very concerned, asking questions like, ‘Why are you doing this to us, your best customers?’”**

But perhaps most concerning was all the talk of a ‘Plan B’ by Mexico’s corn and soybean importers, said Sleight. **They hadn’t signed up with other suppliers, but they were preparing to, he said.**

USDA export data shows just how important NAFTA is to the trade relationship the U.S. has with Mexico. **The U.S. exported about \$35 million worth of corn to Mexico in 1993, the year before the trade pact went into force. Twenty-three years later, long after Mexican tariffs fell to zero, the U.S. sold \$2.6 billion worth of corn to Mexico in 2016.**

That’s why farm groups are scared about the prospect of losing the trade pact or even allowing other nations to chip away at U.S. dominance in the Mexican market.

**“So far it’s just talk, but I think what’s happening is companies are actively looking at sourcing elsewhere,”** Sleight said. “The week before we were there, Argentina had a mission coming through, visiting the same people we had met with, talking about sources of supply.”



Former AFBF President Bob Stallman

Bob Stallman, a former president of the American Farm Bureau Federation, said last week that the Mexicans are positioning themselves just in case NAFTA falls apart.

**“I think everybody is looking at the landscape and seeing how to position themselves in case something does happen,”** Stallman said. “The Mexican buyers are smart. They want to hedge their bets. They want to be ready to deal with whatever they get.”

**And what they will get is still uncertain. That was part of the motivation behind a trip to Mexico in April by the USA Rice Federation. U.S. farmers provide nearly all of Mexico’s rice imports, but the country recently opened the door to Vietnamese, Thai and other rice.**

On March 1, Mexico opened up a 150,000-metric-ton tariff rate quota for rice imports from countries that don't already have a free trade agreement with Mexico.

**“The direct and positive impact that NAFTA has had on U.S. rice exports and on jobs and prosperity in Mexico and the United States must be continually emphasized,”** said USA Rice President Betsy Ward, who was in the delegation that visited Mexico. “We will be working together to preserve the benefits of NAFTA for the U.S. rice industry, as well as for our Mexican partners.”

What farm groups say they want most is an expansion in foreign markets, but barring that, they say a stable trading relationship is paramount. And importers want to know that their supplier today can be counted on to keep delivering corn, soybeans, wheat, rice, pork and beef in the future.

**“Being a reliable supplier is an important characteristic of agricultural exporters,”** said Gary Schnitkey, Kathy Baylis and Jonathan Coppess of the University of Illinois in a new report. “If an exporter is not viewed as reliable, other countries may look elsewhere for grain supplies.”

That's why USGC's Sleight is going back to Mexico later this month and then taking the entire board in June.

**“We can't take our competitive edge for granted and we don't want to inject politics into the buying decision,”** Sleight said.

Part of that edge is the fact that there are no Mexican tariffs on U.S. corn. There is a tariff on Argentine corn, but that could change quickly.

“There have been talks about relaxing that tariff,” Sleight said. “Mexico can drop that tariff to zero and there's talk of doing that.”

## **With crops destroyed, wheat growers make case for crop insurance**

A foot of snow fell on a good chunk of the western Kansas wheat crop this weekend, striking a devastating blow to a region known for its robust wheat production. It was one of several weather events this week that delayed planting, flooded fields and caused farmers to rethink their planting mixes.

**The losses are obvious, but Washington strategists are trying to see the event as a potential moment for educating farm program skeptics.** The National Association of Wheat Growers took to [Twitter](#) to share a video of a Kansas wheat farmer digging wheat out from a snow bank and asking the Heritage Foundation how the situation could be handled without crop insurance.

**“This is why we need (crop insurance), and this is why we need a farm bill,”** NAWG CEO Chandler Goule told *Agri-Pulse*. “When your entire year's profit got wiped out yesterday, what do they expect those who provide the food and the fiber and the fuel for this country to do?”

Goule said early estimates were showing 43 percent of the wheat in Kansas – consistently one of the top two wheat states in the country – will be lost in the storm. That number could go higher as some areas that weren't hit with the snow were hit with freezing temperatures that will also damage the crop.

According to [USDA statistics](#), the Kansas winter wheat crop was 44 percent headed, or forming grain, at the end of April, better than the 33 percent five-year average.

Bob Young, the chief economist for the American Farm Bureau Federation, echoed Goule's comments, saying events like the weekend's snowfall are **“the whole reason that we've got the crop insurance programs in place.”** Weather problems were not limited to Kansas; cool, damp conditions have slowed plantings across many commodities in many areas around the country. Young says if those circumstances persist, it could have an impact on planting decisions.



**“We continue another week, two, three, or whatever of this kind of wet, cold conditions, you're going to begin to get some farmers thinking about going with plan B instead of plan A,”** Young told *Agri-Pulse*. “Maybe get a little shift out of corn, move into beans, so move a few acres around.”

Young added that 1 or 2 million corn acres shifting over to soybean production “wouldn't surprise me.” While signals are starting to materialize, Young emphasized that it's too early to talk about serious weather issues in 2017 plantings. **“It is still early days yet,” Young said. “We have historically demonstrated that we can throw a lot of crop in the ground in a hurry once things do turn around and proceed to pace.”**

## News Briefs...

**China conditionally OKs Dow-DuPont merger.** China's Ministry of Commerce (MOFCOM) has granted conditional regulatory approval for the proposed merger of Dow Chemical Co. and DuPont. In a release, the two companies say the approval is conditioned on DuPont and Dow fulfilling commitments given to MOFCOM in connection with the clearance. Specifically, and consistent with commitments already made to obtain the European Commission's regulatory approval for the union, Dow and DuPont will divest certain parts of DuPont's crop protection portfolio and research and development pipeline and organization and Dow's global Ethylene Acrylic Acid copolymers and ionomers business. In addition, Dow and DuPont have made commitments related to the supply and distribution in China of certain herbicide and insecticide ingredients and formulations for rice crops for five years after the closing of the proposed merger of equals, the companies say. China is a critical market for both Dow and DuPont and will be for the three intended independent companies that will be created following the merger, according to the release. The companies also are reaffirming expectations for closing the merger sometime in August. Regulators in the United States, Brazil, Australia and Canada are yet to clear the deal.

**Rural Entrepreneurship Challenge opens.** If you have an idea for a new rural business, here's a chance to showcase your work and potentially win part of \$145,000 in startup funds. The American Farm Bureau Federation opened online applications for its fourth Rural Entrepreneurship Challenge on Monday, coinciding with National Small Business Week (April 30 – May 6). It is the first national rural business competition focused exclusively on innovative entrepreneurs working on food and agriculture businesses. “Rural entrepreneurs typically face hurdles that make it challenging to develop successful businesses, including lack of capital, business networks and business training,” said Lisa Benson, AFBF’s director of rural development. “Through the Challenge, we're helping food and agricultural entrepreneurs take their businesses to the next level.” The online application window closes June 30. [Click here](#) for more information.

**Legislation would provide tax credits for biogas digesters.** Senate Ag Chairman Pat Roberts, R-Kan., and Sen. Sherrod Brown, D-Ohio, have introduced legislation to invest in biogas technologies, giving farmers and wastewater plants new opportunities to turn waste into useable products like biogas. The Agriculture Environmental Stewardship Act would make biogas digester systems – which can turn manure and ag residue into raw biogas – eligible for a 30 percent investment tax credit. The systems are currently used on about 2,100 farms and wastewater treatment plants in the U.S. But the upfront cost of the systems can sometimes be too expensive, the senators say in a release. “Keeping animal waste out of our water is one of the easiest ways we can guard against polluted runoff that causes harmful algal blooms and pollutes Lake Erie,” said Brown. “This will not only be good for our water, but will help create jobs by providing new opportunities for farmers and wastewater sites to tap into the biogas market.” Biogas can be used to produce heat, electricity, and fuel and can be injected into natural gas pipelines. The solids and liquids can be used to produce fertilizer, compost, soil amendments, and animal bedding. Biogas systems can also be used to process wastewater upstream, reducing contaminants that can impact potable water in many communities.

**GAO finds deficiencies in USDA foreign food and mouth evaluations.** USDA’s Animal and Plant Health Inspection Service’s evaluations of the animal health systems of countries wishing to ship beef to the U.S. could be strengthened by improving transparency to stakeholders, including the public, the Government Accountability Office says in report. The GAO study was requested by a group of 27 members of Congress concerned about the damage an outbreak of food and mouth disease could have on the U.S. beef industry, which had a retail value of \$95 billion in 2014. There hasn’t been an outbreak of FMD in the U.S. since 1929. Federal regulations restrict fresh beef imports from countries where the disease is present because the disease may survive in untreated, uncooked beef. APHIS guidance currently instructs staff to adhere to timeframes for carrying out evaluations to ensure a lengthy process is completed efficiently. But the guidance does not instruct staff how to ensure evaluations are fully transparent. For example, APHIS guidance does not direct staff to document their analysis of country information and include all problems and concerns identified and how they were resolved. It also fails to direct staff to effectively document results of in-country visits, although the guidance requires these visits be documented. GAO recommends that USDA clarify its guidance to deal with these deficiencies and says USDA has already described actions to implement its recommendations.

**Diamondback moth proposal garners comments.** A [proposal](#) to field-release genetically modified diamondback moths in order to kill their non-GM cousins in upstate New York is gaining support and detractors. The American Farm Bureau Federation has weighed in with a [letter](#) to the Animal and Plant Health Inspection Service that says the GM moth “will provide

another tool to fight this hard-to-control agricultural pest. Moreover, this tool will help reduce the use of less efficacious controls for this pest such as insecticides.” The moths, developed by the U.K. firm Oxitec, are engineered with a “female autocidal trait” that kills the female offspring of the GE males and non-GE females, usually in the larval stage. **Jon M. Wraith**, dean of the College of Life Sciences and Agriculture and director of the New Hampshire Agricultural Experiment Station, sent a similar [missive](#) supporting the field trial, which would be conducted at Cornell University’s New York State Agricultural Experiment Station in Geneva, New York. The [regulatory docket](#) also includes dozens of comments from opponents of the trial, who say the issue has not been adequately studied or comes with unforeseen hazards. But Marshall Matz, an attorney at OFWLaw who describes himself as “a strong supporter of global food security,” said it is “very important we establish a docket that justifies going forward with the field test.” APHIS recently released an environmental assessment on the proposal that said release of the moths is unlikely to affect humans or the environment. The comment period ends May 19.

## Farm Hands on the Potomac...

**Peter Bachmann**, formerly the manager of government affairs with USA Rice, has moved into the Agriculture Department as a policy adviser in the Office of Congressional Relations under new Ag Secretary **Sonny Perdue**. The Virginia Tech grad also previously worked as a field representative and policy specialist for the National Association of Conservation Districts....

Meanwhile, Perdue has filled out the staff of political appointees in his communications office. **Tim Murtaugh**, a former spokesman for Rep. **Lou Barletta**, is communications director. **Michawn Rich**, who most recently led communications for Ohio Sen. **Rob Portman**’s re-election campaign, is deputy communications director as well as press secretary. Before working for Portman, Rich was the deputy communications director for Sen. **Dean Heller**. **David Blair**, the new deputy press secretary, was the national director of the “Youth for Trump” organization, and **Ella Mizrahi**, a competitive figure skater who is now serving as a press assistant, comes to USDA after working in the Trump campaign.

Iowa native **Beth Levine**, the long-time communications director for Sen. **Chuck Grassley** – handling press for the Judiciary Committee and his personal office – moved to a new position off Capitol Hill as vice president at KOFA Public Affairs in Baltimore where she can work closer to home. “After 16 years working for a wonderful boss and his constituents, living through 9-11 and anthrax, five Supreme Court hearings, and who knows how many weekly farm shows, it’s time to spend more time with my family,” Levine reports.

Directors of the Foundation for Food and Agriculture Research chose a new board chairman at their meeting last week in Washington. He’s **Mark Keenum**, president of Mississippi State University, who, among many other things, previously served as Sen. **Thad Cochran**’s chief of staff and as USDA under secretary for Farm and Foreign Agricultural Services in 2006. He succeeds former USDA Secretary **Dan Glickman**, who’d held the post since shortly after FFAR’s creation in the 2014 farm bill. Glickman will remain on the board’s executive committee as past chairman. **Pam Johnson**, former president of the National Corn Growers Association, was elected vice chair.

Harvest Returns, an investment crowdfunding platform for agriculture, hired **Brian Dockery** as director of sales and marketing. Prior to joining Harvest Returns, Dockery led and advised sales and marketing efforts for some of the world’s top multinational firms, most recently with Cargill, the largest privately owned corporation in America.

Stockholders of Farm Credit East, a farmer-owned cooperative lender, recently elected **LouAnne F. King**, the owner of Mapleview Dairy LLC in Madrid, New York, to their board of directors. Three directors were re-elected to four-year terms. They are: **Lisa Preger Sellew**, of Lebanon, Connecticut; **Peter Barton**, of Poughquag, New York; and **John Knopf** of Canandaigua, New York. At the April 25 reorganization meeting, the board went on to elect **Matthew Beaton**, of Wareham, Massachusetts, as its chair, and Henry Huntington, of Loudon, New Hampshire, as vice chair.

Author and Oklahoma State economist **Jayson Lusk** was honored by the Council for Agricultural Science and Technology as its Borlaug CAST Communication Award winner for 2017. Lusk, who is president of the Agricultural and Applied Economics Association, said it was “incredibly humbling to receive an award named after Norman Borlaug, a man whose work, quite literally, saved millions of lives He’ll formally receive the award at the World Food Prize Symposium in Des Moines on Oct. 18.

**Adam Putnam**, who’s been Florida’s agriculture commissioner since 2011, filed papers this week, officially confirming that he’s running for governor in 2018. State. Putnam previously spent 10 years in the U.S. House of Representatives where he served on the Agriculture Committee.

President Trump says he plans to nominate **David Bernhardt** as deputy secretary at the Interior Department. From 2001 and 2009, Bernhardt held several positions within Interior, as solicitor, which is the Interior’s third ranking official and chief legal officer. He currently chairs the natural resource law practice at Brownstein, Hyatt Farber and Schreck LLP.

President Trump has named **Dan Simmons** as acting assistant administrator of the renewable energy office at the Department of Energy. Previously, Simmons worked at the Institute for Energy Research, a free-market energy think tank, largely funded by fossil fuel interests, where he was responsible for pushing against pro-renewables policies - including subsidies and tax breaks for the use of wind and solar power. Before that, Simmons previously worked at the American Legislative Exchange Council and the House Natural Resources Committee.

Interior Secretary **Ryan Zinke** appointed **Vincent DeVito** to serve as his counselor for energy policy. Among other things, DeVito is charged with ensuring policy coordination among the department’s nine bureaus with energy responsibilities. The position was created to advance the Trump administration’s goal of American energy independence. DeVito previously held several senior leadership roles at the Energy Department and within state energy offices. Most recently, he was a partner at the law firm of Bowditch & Dewey LLP in Boston with a corporate, regulatory, and, government affairs practice.

**Brandon Willis**, former administrator of USDA’s Risk Management Agency, has teamed up with Combest Sell & Associates to help on crop insurance issues. Willis, who will also be teaching at Utah State University this year, previously served as a senior adviser on crop insurance and commodities policy to then-Agriculture Secretary Tom Vilsack, the deputy administrator for farm programs with the Farm Service Agency, and former ag staffer for then Sen. Max Baucus, D-Mt. Another addition to the firm is Ohio native **Brad Weddelman**, who joined CSA after working as a research and teaching Assistant in the agriculture economics program at Texas A&M under the tutelage of Drs. Joe Outlaw and James Richardson.

Deere & Co. appointed **Collis Jones** as director, U.S. public affairs policy and strategy. Jones joined John Deere Financial in 1989 as an area collections manager and moved to Deere's public affairs team in 2005. Earlier this year, he was named director of government affairs, leading the company's advocacy efforts concerning infrastructure development. The company also appointed **Vanessa Stiffler-Claus** as director, international public affairs policy and strategy. Stiffler-Claus joined Deere in 2007 as manager, federal affairs.

**Chad Effertz** has been named the new head of research and development at Arysta LifeScience. Effertz previously was the marketing manager for U.S. herbicides. Arysta also named **Sam Thornton** as its new business manager for seed treatments. Thornton joined the company last year as a technical sales specialist in the Northern Plains.

Good luck to **Jim Fitzwater**, who's retiring this week as director of global business communications at FMC Agricultural Solutions. Questions about the company are being handled by **Dwayne Roark**, FMC's director of corporate communications.

**James Ketelson**, former chairman and CEO of Tenneco, died April 27 at the age of 86. Ketelson joined J.I. Case Co. about 1960 as assistant comptroller. The Korean War vet was named president of Case in 1967 and began to reorganize the company into three operating divisions: agriculture, construction equipment and components. In 1970, Houston-based Tenneco purchased Case and Ketelson became chief financial officer. He became president of Tenneco in 1978 and retired as chairman and CEO in 1992. During his tenure, in 1985 Case bought International Harvester's agricultural equipment line and became Case IH.

**Robert Ratliff**, the founder and former president, chairman and CEO of AGCO Corp., died April 21 at the age of 85. After a long career with International Harvester, Ratliff led the management team that purchased Deutz-Allis Corporation in 1990 as part of the formation of AGCO. He subsequently guided the Duluth, Georgia-based company through a total of 21 acquisitions as it grew sales from \$200 million in 1990 to over \$5.4 billion in 2005. He retired as Chairman in 2006 and was inducted into the Association of Equipment Manufacturers Hall of Fame in 2014.

**Best Regards,**

**Sara Wyant**

**Editor**

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