

## **State Association Weekly Washington Report 6.15.17**

### **Tyson Lobbyist in Serious Condition After DC Shooting, Conaway OK**

Former House staffer Matt Mika, 38, now a meat industry lobbyist, was upgraded to serious from critical condition following surgery at a Washington, DC, hospital after being shot multiple times in the chest and arm by a lone gunman during Wednesday's House GOP team practice for the annual congressional charity baseball game this week. House Agriculture Committee Chair Mike Conaway (R, TX) was also practicing at the baseball field, was unhurt and gave aid to Mika until paramedics arrived on the scene.

Mika's wounds include damage to his sternum and lungs, his family said in a statement. He remains in intensive care and is expected to undergo additional surgeries.

Currently director of government relations in Tyson Foods' Washington, DC, office, Mika staffed former Rep. Dave Camp (R, MI) and Rep. Tim Walberg (R, MI), representing Walberg on the House Agriculture Committee. He left Capitol Hill to work for the American Meat Institute (AMI), now the North American Meat Institute (NAMI), and was subsequently hired by Tysons Foods in 2011. He also worked in the Michigan Statehouse for former Rep. David Palsrok (R). Mika played baseball and football at Adrian (Michigan) College, and received a master degree in public administration and public policy from Western Michigan University. Mika is a volunteer coach with the House Republican team.

Seriously wounded was Rep. Steve Scalise (R, LA), House majority whip, who underwent the first of what's expected to be multiple surgeries at a Washington hospital for a hip wound, as well as both members of Scalise's Capitol Police security detail. One police officer was shot in the ankle and is in good condition, while the other sustained a minor injury, was treated and released by doctors. Scalise travels with security officers in his role as the third highest ranking member of House leadership. Zach Barth, a staffer for Rep. Roger Williams (R, TX), was shot in the leg, but was treated and released, returning to work on Thursday. The gunman was killed by Capitol Hill police.

Both Democrat and Republican teams insisted the charity baseball game be played, and the Democrats regained the title 11-2. The event, held since 1909, was played at Washington Nationals' stadium, benefitting the Boys & Girls Clubs of Washington, DC.

### **Trump Moves to Roll Back Some Obama U.S.-Cuba Normalization, Targets Castro Government**

President Trump will tighten "people-to-people" travel and investment in Cuba benefitting the Castro regime, but will not completely reverse commercial and diplomatic relations with the island nation expanded by President Obama. This week's move fulfills, the president said, a promise made during his presidential campaign.

U.S. citizens allowed to travel to Cuba will still be allowed to purchase a visa, and business related to agricultural trade, medicine and medical devices is still permitted. As for agriculture, it still remains to be seen to what extent sales to the government-owned Alimport, which has no ties to the military, will be affected. Right now, ag and medical are the only two exceptions to the formal U.S. trade embargo, and U.S. ag exports to Cuba totaled \$300 million in 2015, out of a total \$2 billion in total ag imports.

Media reports quote a White House memo: "My administration's policy will be guided by key U.S. national security interests and solidarity with the Cuban people. To that end, we must ensure that U.S.

funds are not channeled to a regime that has failed to meet the most basic requirements of a free and just society."

The brunt of the impact of Trump's new policy will be felt by the travel and tourism industry. Travel from the U.S. to Cuba is now allowed under 12 categories; the people-to-people, particularly the individual travel allowance, "has the highest risk of potential abuse," the White House said and will be closed. Tourism remains strictly forbidden, the Treasury Department will be required to audit Cuban travel regularly for abuse.

As to any financial dealings with Cuba which benefit the military will be restricted under Trump's new action. Business-to-business transactions will be allowed, but expansion of such commercial activity "is entirely up to Raul Castro to make that happen," according to reports.

The full impact of the Trump actions remains to be seen and could be felt more broadly than expected given the broad and deep control of the Cuban economy – some estimate as much as 80% -- by the Castro government. Targeted is GAESA, a military-run corporation which operates hotels, restaurants, tour companies and other facilities around the island. New rules to implement the moves are expected from the Department of Commerce within 90 days

The president will require that Cuban leadership meet a series of new requirements in order to negotiate with the U.S., including improvements in human rights, the freeing of political prisoners, free elections and direct pay for workers. The U.S. embassy will remain in Havana as will the Cuban embassy in Washington, DC., and commercial flights will continue between the two countries.

### **China Beef Deal Finalized, Milk Sales About to Begin**

U.S. beef and dairy sales to China are about to resume now that the Chinese and U.S. governments have agreed on the mechanisms needed to put the deals in place. The first beef shipment is expected to leave a Nebraska packing plant this week.

The beef deal, hailed by the Trump administration as part of its "100-Day Action" plan announced May 11, will permit the sale of U.S. beef products produced after May 17, 2017, to China for the first time since 2003. The animals must be born, raised and slaughtered in the U.S., imported from Canada or Mexico for direct slaughter, or imported and raised and slaughtered in the U.S. U.S. exporters will have to meet several new criteria, including traceability of all animals to birth farms, first farm of residence or port of entry. All beef and beef products must come from animals younger than 30 months of age.

For dairy, the U.S. and China signed this week a memorandum of understanding to promote U.S. dairy products for sale in China. China imposed three years ago a certification requirement on all dairy imports, requiring the producer to have government certification that the products meet Chinese food safety regulations. FDA said getting comfortable with dairy certification requirements was "challenging for us to accomplish," but now mechanisms are in place to allow for third party auditing to ensure Chinese standards are met. FDA would review the audits, share the results with China, then issue export certificates to U.S. companies for export to China.

China blocked U.S. beef sales after a single cow infected with BSE was detected in Washington State, and while it technically lifted the ban, technical issues, primarily linked to source verification and traceability, have kept U.S. beef exports out of China. The U.S. used to be China's primary beef supplier,

providing up to 70% of total beef purchasing. The China beef market is estimated to be about \$2.5 billion based on 2016 purchases.

USDA announced the Agriculture Marketing Service (AMS) has posted to its website technical requirements for its Export Verification Program for U.S. plants shipping to China, allowing packers to apply for approval to export. The Food Safety & Inspection Service (FSIS) has updated its online Export Library specifying China's requirements for certifying U.S. beef being shipped to Chinese ports.

#### **Hazlett Named Perdue's New Special Assistant for Rural Development; Controversy Follows**

Anne Hazlett, majority chief counsel to the Senate Agriculture Committee, has been chosen by Secretary of Agriculture Sonny Perdue to be his special assistant for rural development. The post, a newly created position, is intended to replace the current undersecretary for rural affairs slot Perdue intends to eliminate as part of his reorganization of USDA's subcabinet positions.

The new job will have in its portfolio oversight of the Rural Utilities Service (RUS), the Rural Business Service (RBS) and the Rural Housing Service (RHS), the department said. The undersecretary job was sacrificed to make room for a new undersecretary for trade and foreign affairs created by the 2014 Farm Bill.

However, it's that reorganization generally and the elimination of the rural development undersecretary job that's set off a wave of criticism that Perdue, despite public statements to the contrary, is deprioritizing rural issues in the Trump administration. The National Farmers Union (NFU) garnered hundreds of signatures on a letter to Congress calling the Perdue reorganization "brings the long-term viability of USDA rural development into question."

Democrat lawmakers, particularly Senate ag panel ranking member Sen. Debbie Stabenow (D, MI) and Sen. Jeff Merkley (D, OR), ranking member on the Senate appropriations panel's ag/FDA subcommittee, have criticized the move, but Perdue tells critics the job is a "promotion" for rural issues within the department because "with this addition to USDA rural development, rural America will have a seat at the main table and have walk-in privileges with the secretary on day one."

Perdue told Merkley this week in testimony on FY2018 appropriations that he and he alone is accountable for rural development programs at USDA. "If I don't make you proud of what we do with rural development over the next year, I'll be happy to have another undersecretary for rural development directed by the Farm Bill," Perdue said.

In a related development, Perdue said this week at the first meeting of the administration's rural task force that the cabinet-wide membership of the group will allow it to produce a "serious plan" for eliminating federal government impediments to rural growth, both economically and socially. Reminding attendees that the task force's mandate to improve the lot of rural America is "an executive order, not a suggestion," Perdue said working groups will tackle quality of life issues, rural workforce needs, innovation, technology and data, and economic development.

He said Hazlett's experience makes her "perfectly suited for the role." Hazlett is well respected, having served as the Republican's chief lawyer on the ag committee since 2009. She previously served as Indiana Director of Agriculture and chief of staff to the former Indiana attorney general.

#### **Trump to Nominate Stump to CFTC: Reports**

President Trump intends to formally nominate agriculture policy veteran Dawn DeBerry Stump to be a GOP commissioner on the Commodity Futures Trading Commission (CFTC), according to media reports. A native Texan, Stump comes from an old and distinguished Texas ranch family.

Stump worked on the Senate Agriculture Committee for four years handling futures market and regulatory issues as part of the 2008 Farm Bill, and was the committee's chief representative on Dodd-Frank negotiations. She also handled futures issue on the House Agriculture Committee prior to moving to the Senate.

She served as executive director of the Americas Advisory Board for the Futures Industry Assn, and vice president at the NYSE Euronext, founding her own consulting firm in 2016. Stump also worked at the Texas Agriculture Department, U.S. Wheat Associates and as a staffer for former Sen. Phil Gramm (R, TX).

### **E15 Bill Senate Hearing Not as Smooth as Backers Hoped**

A hearing on a bill to allow ethanol blends above 10% to be sold all year long was the subject of a hearing in the Senate Environment & Public Works Committee this week, and the event quickly brought back the politics of corn ethanol, the oil/gas states versus the corn states and advanced biofuels – like cellulosic ethanol – versus the non-advanced varieties, including corn ethanol.

The hearing was held after the bill's author, Sen. Deb Fischer (R, NE), secured a commitment from committee Chair John Barrasso (R, WY) to hear the bill and to let it move to markup. While ethanol champion Sen. Charles Grassley (R, IA) said he expects the bill to be marked up next week now that the hearing is out of the way, Barrasso, no friend of the legislation, said that won't happen. He explained he promised Fischer a markup, but attached no timeline to that promise. Committee ranking member Sen. Tom Carper (D, DE) said "there's a willingness to hold a hearing, but no eagerness to move toward a markup."

Barrasso expressed concern that allowing E15 and higher blends to be sold all year long will disrupt an already erratic Renewable Identification Number (RIN) markets, and that if his concerns aren't addressed, he can't support the bill. Carper echoed the chair's concerns.

A small engine manufacturer said his company remains concerned about misfueling at blends higher than E10, but an ethanol retailer who sells higher blends testified his company has "not had a single customer complaint or any cases of misfueling."

Republican support for the bill, at least within the committee, is strong, with Fischer, Sen. Mike Rounds (R, SD), Sen. Jerry Moran (R, KS) and Sen. Joni Ernst (R, IA) among the 17 cosponsors the bill enjoys. Sen. Tammy Duckworth (D, IL) is the lone committee Democrat supporting the bill.

### **House Ag Sets June 24 Farm Bill Listening Session in Florida**

The House Agriculture Committee announced this week it will hold a full committee "listening session" on June 24, in Gainesville, Florida, entitling the hearing, "The Next Farm Bill, Conversations in the Field."

"When it comes to writing farm bill, the House Agriculture Committee has a long history of getting out of Washington and speaking with the folks these policies are intended to serve," said committee Chair

Mike Conaway (R, TX). Ranking panel member Rep. Collin Peterson (D, MN) said getting out of Washington and hearing from farmers is “necessary to writing a good farm bill.”

#### **EPA Notes**

**Two-year Delay on Methane Recapture Proposed** – EPA wants to delay by two years methane recapture standards for the oil and gas industry put in place by the Obama administration. Currently there’s a 90-day administrative hold on the program, and the agency proposal would extend that to two years. The program requires those drilling for oil and gas to recapture any methane that leaks, get engineer certification on equipment and install leak detection devices. For agriculture, the Obama administration stopped short of mandating actions, opting instead to encourage voluntary methane reduction.

**Pruitt Assures Lawmakers Defunding Watershed Program Won’t Kill Clean-up** – Responding to bipartisan critics who contend President Trump’s proposed FY2018 EPA budget proposal and its recommendation the agency shut down watershed clean-up projects, EPA Administrator Scott Pruitt said this week that defunding does not equal no clean-up. Testifying before the House appropriations subcommittee on EPA, Pruitt couldn’t give details, but also acknowledged the panel would not support the president’s recommendation. He said EPA stands ready to work with the states to facilitate their efforts on watershed clean-up, saying “money’s important, but I think this leadership role is important as well.”

**Risk Management Plan Compliance Pushed to 2019** – An EPA plan designed to mitigate the risk of chemical, fertilizer and other facility fires and explosions will go into effect in 2019, two years later than originally planned. The Risk Management Plan was finalized in January and was set for final action in March, but EPA said this week it needs “additional time to review the program so that we can fully evaluate the public comments...and consider other issues that may benefit from additional public input. Companies now have until February 19, 2019 to comply with the rule, developed in the wake of the West, Texas, fertilizer explosion and fire that killed 15 in 2013.

#### **Overtime Rule Rolled Down by DOL**

Guidance for compliance with the Department of Labor’s (DOL) wage/hour rule – “overtime rule” – was withdrawn this week by DOL as it seeks more information on rule impact. DOL also took action to withdraw the guidance on joint employment, both actions pushed by the Obama administration.

On the overtime rule – an action that dramatically expanded the number of workers who would qualify for time-and-a-half after 40 hours of work – DOL said it would publish a request for information on the regulation, set to go into effect in December.

The issue of joint employment goes to companies and staffing companies they hire, or restaurant firms and franchise operators are equally and jointly responsible for properly paying employees. DOL said it’s not walking away from enforcing all wage and hour laws on the books.

#### **Justice OK’s Dow, DuPont Merger**

The proposed merger of Dow Chemical Co. and DuPont Co. has been given the antitrust greenlight by the Justice Department, and critics are calling the action the latest in a “disturbing trend” in

consolidation in the ag sector. The deal carries an estimated value of \$130 billion, and still needs court approval.

The National Farmers Union (NFU) said the merger, along with several other pending actions, lessens family farm competition and choice in the agrochemical and seed areas.

The merger has been approved by Brazil, China and the European Union (EU), and various divestitures were necessary to get the official nod. Canada has not given the merger its blessing yet.