

## State Association Weekly Washington Report 1.26.17

### Busy Week for Trump as Executive Orders, Proclamations Abound

Scarcely a week into his first term, President Trump wasted no time in firing up the White House executive order/proclamation machine, making good on campaign promises to act quickly on issues ranging from pulling out of the Trans-Pacific Partnership (TPP) to pipeline construction to a federal hiring freeze.

While the cascade of executive actions began with preliminary instructions to the administration on dismantling the Affordable Care Act (ACA) and cutting funding to overseas relief agencies which offer abortion services, the following is a digest of Trump business-related executive actions this week:

**TPP, NAFTA:** The first Trump action was to sign a presidential memorandum to permanently withdraw the U.S. from the TPP. As he signed the memorandum, Trump remarked, “A great thing for the American worker, what we just did.” This action more than any other this week riled agricultural interests, with the American Feed Industry Assn. (AFIA) saying it “condemns Trumps first trade decision,” and the American Soybean Assn. (ASA) saying it was “very disappointed” in the action, explaining “we export more than half of what we grow...and still more in the form of meat and other products made with our meal and oil. TPP held great promise for us.” The National Farmers Union (NFU) was a lone ag voice in supporting the Trump action.

The White House also announced it is beginning the process of renegotiating the North American Free Trade Agreement (NAFTA), and Trump had a call this week with his counterparts in Canada and Mexico. More than 130 national groups this week sent Trump a letter offering to help renegotiate NAFTA, meaning they want a seat at the table when changes are discussed. The groups representing grain, feed, dairy, produce, meat, processed food and alcohol, said they want Trump to preserve the best parts of NAFTA while “modernizing the treaty.

Trump also ordered his trade team to “begin pursuing, wherever possible, bilateral trade negotiations to promote American industry, protect American workers and raise American wages.” Some in agriculture say those bilateral treaties must be submitted to Congress simultaneously or in rapid succession, with Japan and Vietnam at the top of the list for new agreements.

House Agriculture Committee Chair Mike Conaway (R, TX) said pursuing bilateral deals made more sense than trying to deal with complex multinational agreements, the kind of pact Trump believes gives too many concessions to the smaller nations participating. Conaway stressed the need for strong enforcement once trade treaties are in place, and said Trump needs to publicly pledge to an aggressive enforcement plan.

**Federal Regulatory Freeze:** Saying his goal is to cut federal regulations by 75% -- “maybe more” -- Trump moved to make good on his campaign promise that for every new federal rule published, he’d kill off two existing rules. The White House effectively sent back to the agencies and departments for review and resubmission all pending rulemakings and other actions until March 21. However, several critical programs, including fixing the broken water system in Flint, Michigan, were curtailed by the order, and cracks were beginning to appear in the order as of late in the week. Nevertheless, critics of the move weren’t impressed. “Cutting regulations by 75% would permit corporations to rip off consumers, poison our environment, and cheat and mistreat our workers,” said one activist. Also

caught in the freeze are rules embraced by industry, including the Renewable Fuel Standard (RFS) and its gasoline blend order, which was set to be finalized at the end of February, GIPSA rulemakings and FDA actions.

**Federal Hiring Freeze:** This week also saw an executive order putting a freeze on all federal civilian hiring, save for the military, public safety and health protection, the freeze “to be applied across the board in the executive branch.” Saying the move “counters the dramatic expansion of the federal workforce in recent years” – federal employment increased 17% during the eight years of the Obama presidency – the freeze prevents the filling of vacant positions and/or creating new positions except when necessary to meet national or public security responsibilities, said the White House press room. The order also directs the directors of the Office of Personnel Management (OPM) and the Office of Management & Budget (OMB) to come up with a plan within 90 days to “reduce the size of the federal government’s workforce through attrition.” The order also does not permit contracting with private industry to “circumvent the intent of the memorandum,” but provides budgeting and assignment latitude to managers to make “efficient use of existing personnel.”

**Keystone XL, Dakota Access Pipelines:** Reversing one of the most controversial actions of the Obama Administration, Trump signed an executive order to restart the process of approving the Keystone XL pipeline by inviting pipeline builder TransCanada to resubmit its application for approval. The 1,100-mile crude oil pipeline would connect oil shale production in Alberta, Canada, to refineries in Oklahoma and south to the Gulf. Trump said the construction and operation of the pipeline – “We will build our own pipeline. We will build our own pipes, as we used to in the old days” — will ultimately create “tens of thousands of jobs...enhance our energy security, support affordable and reliable energy...and generate significant state and local tax revenues...” The same memo ordered the federal agencies involved to expedite reviews and approvals for the remaining parts of the Dakota Access pipeline, a \$3.8-billion, 1,100-mile pipeline that has been the subject of Native American protests over the pipeline’s placement.

“We welcome today’s news and we’re looking forward to working with a president and an administration that value American energy affordability, jobs, security and new infrastructure development. It’s time for the federal government to stop picking winners and losers in the energy sector,” said House Energy & Commerce Committee Chair Greg Walden (R, OR), and subcommittee on energy chair Rep. Fred Upton (R, MI), in reaction the Trump pipeline announcement. Said Speaker Ryan, “It’s about time.”

**Immigration Enforcement/Border Wall/Sanctuary Cities:** Two executive actions related to immigration were signed this week, including “clarification” on construction of a wall between Mexico and the U.S., and which country will ultimately pay for the wall. At a Department of Homeland Security (DHS) ceremony, the two orders – building the wall and enforcement of existing immigration laws – gave Trump the opportunity to say, “I just signed two executive orders that will save thousands of lives, millions of jobs and billion and billions of dollars.”

“This is about keeping Americans safe,” said House Speaker Paul Ryan (R, WI), when asked about the Trump border security actions. “We are committed to working with the administration to stop the influx of illegal immigrants along the southern border, protect our homeland and uphold the rule of law. I applaud President Trump for keeping his promise and making this a national priority.”

Not among those orders, however, was a move related to the executive actions taken by President Obama to defer the deportations of nearly 5 million illegal immigrants. Obama claimed he had the authority to defer the legal action under the Deferred Action for Childhood Arrivals (DACA) program he created. The Obama action is now in federal court and DHS is legally prohibited from implementing the program.

The second order increases resources to DHS to hire 5,000 more border patrol agents to arrest illegal immigrants from entering the U.S. It would end the “catch-and-release” policy of the Obama administration to avoid incarcerations. The White House said, “federal agencies are going to unapologetically enforce the law, no ifs, ands or buts.” Visas for immigrants from nations which refuse to accept deportees will be withheld under the order, and DHS is required to publicize the crimes committed by undocumented immigrants on a weekly basis.

The American Farm Bureau Federation (AFBF) said in response to the enforcement order, “there’s a lot of anxiety” in the farming sector because much of the labor force who picks fruits, vegetables and other crops are undocumented workers.

Also, federal funds, including grant monies, will be withheld from so-called “sanctuary cities,” cities which ignore federal immigration law and harbor undocumented immigrants.

### **Ryan Tells Caucus of Ambitious 200-day House Plan to Tackle Big Issues**

Killing off bad federal rules, reforming the federal tax code, repealing and replacing the Affordable Care Act (ACA), funding President Trump’s southern border wall, pushing an infrastructure investment package and dealing with the federal debt ceiling and other miscellaneous challenges will be achieved by the August congressional recess says House Speaker Paul Ryan (R, WI).

Ryan told Republicans at this week’s Philadelphia party retreat the ambitious agenda is doable because Republicans control both chambers of Congress and the White House, with one member in attendance saying, “It’s the president and his administration working hand and glove with the speaker and the majority leader (of the Senate).”

Health care rewrites and tax code reform are the two big priorities for the House, Ryan said, making no commitments for a similar schedule in the Senate, which will spend the next couple of months at least confirming President Trump’s cabinet, subcabinet and administration nominees.

### **Some Fear Mexican Border Wall Stand-off Could Trigger Trade War**

The back and forth political rhetoric between President Trump and Mexican leaders over which nation will pay for the border wall Trump ordered built this week threatens to set off a trade war, critics say, as White House spokespeople allow the U.S. start building the wall with an estimated \$12-15 billion taxpayer dollars and recoup the cost by hitting Mexican exports to the U.S. with a 20% border adjustment tax. Ultimately, the wall’s price tag could exceed \$25 billion, say experts.

The political tug-of-war between Trump and Mexican President Enrique Peña Nieto culminated this week in Nieto’s cancelling his planned trip to Washington, DC, next week, explaining he saw little point in attending the meeting if the border wall payment issue was still on the table. Trump agreed, but said the decision to cancel the meeting was “a mutual decision.”

In various press interviews this week, Trump said his executive order beginning the planning and construction process for the border wall assumes Mexico will pay for the wall “in some form, perhaps a complicated form.”

That “complicated form” could be a 20% border adjustment tax on Mexican exports to the U.S., but the White House waffled on the plan after Sean Spicer, White House press secretary, told reporters on Air Force One returning from the Philadelphia GOP retreat that the border tax, aimed at countries with which the U.S. has a trade deficit – Trump says the trade deficit with Mexico is \$60 billion a year – will be the funding mechanism, and that the border tax will be authorized in a comprehensive tax reform package expected on Capitol Hill later this year. Trump has previously said publicly he’s not a big fan of the border tax notion broadly.

In a subsequent statement, Spicer said the border tax is “one possibility for raising revenue,” and was not a policy proposal. “It could be a multiple of things,” Spicer said when questioned about how the U.S. will pay for the border wall. “It could be, instead of 20%, it could be 18%, it could be 5%. We could go in another direction, we could talk about tariffs, we could talk about...a hundred other things,” he said.

A border adjustment tax – adopted in one form or another by 160 nations – does not tax exports, rather it taxes imports. Some supporters contend it’s basically a value added tax (VAT), but the White House and GOP congressional leaders don’t accept that description.

Right now, there are virtually no tariffs on trade between Mexico and the U.S. because of the North American Free Trade Agreement (NAFTA), and agricultural groups this week told Trump they don’t want to see that relationship damaged. The National Farmers Union (NFU) warned the White House that a 20% tax on Mexican imports would immediately be countered with a Mexican tax on U.S. goods sold to that country. The U.S. rice industry sold no product to Mexico pre-NAFTA, but now sells about 600,000 tons a year, and the industry warned farmers pay the price when governments engage in trade wars.

Hill Democrats aren’t happy with tough talk about import tariffs, particularly when they target one of the U.S.’s biggest trading partners, and some contend the border adjustment tax could scuttle plans for more comprehensive tax reform. Others warn the cost of consumer goods in the U.S. – in whole or in part made, grown or processed in Mexico – will increase, while border states would take the brunt of trade disruption. The U.S. imports about \$21 billion a year in agriculture products from Mexico, with about half of the total in fruits and vegetables. Another \$4.4 billion represents Mexican sales of snacks, beer and wine.

The United Fresh Produce Assn. (UFPA) released a statement that said, “The U.S. has laws and trade agreements in place that do not allow any administration to unilaterally start adding these types of tariffs. But if the administration does choose to renegotiate trade agreements and work toward imposing such a tariff on food, we risk provoking a trade war that harm both American agricultural producers and consumers.”

### **Ryan Invites Trump to Address Joint Session of Congress February 28**

Seeing it as the equivalent of President Trump’s first State of the Union speech, the White House has accepted an invitation by House Speaker Paul Ryan (R, WI) for Trump to address a joint session of Congress February 28.

“With this new unified Republican government, we have a unique opportunity to deliver results for the country. This address will give the people and their representatives the chance to hear directly from you about your agenda to tackle the critical challenges we face at home and abroad,” said Ryan in his letter of invitation.

### **Dems, GOP Unveil Dueling Infrastructure Investment Plans**

While the White House identified this week 50 priority infrastructure projects costing about \$137 billion for federal investment in 2017, making good on one of President Trump’s campaign promises, Senate Democrats unveiled their plan to spend about \$1 trillion over 10 years on improving national infrastructure spending.

The Republican/White House plan is predicated on public-private investment and construction partnerships, and was circulated to Capitol Hill and business organizations, and the list of projects includes airports, highways, dams and bridges. Included is a \$10-billion investment to replace the current air traffic control system with a new system called NextGen, as well as upgrades to the interstate highway system, port expansion, an oil/gas pipeline in Alaska, improvements at airports in Kansas City, Seattle-Tacoma and St. Louis, and a high-speed rail line from Dallas to Houston.

The Trump plan is built in part off a list of infrastructure projects compiled by the National Governors Assn. (NGA), with the White House this week informing the states there will be a more formal process for states to recommend projects “for federal investment.”

Senate Minority Leader Chuck Schumer (D, NY) said his party’s focus will be on sending more federal dollars to the states to fix and replace old bridges and roads, expand bus and rail service, and modernize ports, highways, airports and schools. The Senate Democrat plan is the product of work by Schumer and Sens. Sherrod Brown (OH), Tom Carper (DE), Bill Nelson (FL), and Independent Sen. Bernie Sanders (VT).

The Democrat plan envisions spending \$180 billion for rail and bus; \$110 billion water and sewer systems, \$100 billion for energy infrastructure and the national power grid, \$65 billion for waterways, ports and airports, and \$20 billion for public and tribal lands.

### **Perdue Confirmation Hearing Expected by End of February**

Sen. Pat Roberts (R, KS), chair of the Senate Agriculture Committee, confirmed this week it will be sometime in mid to late February before Gov. Sonny Perdue, President Trump’s nominee to be secretary of agriculture, appears before the ag panel to begin the Senate confirmation process. A committee source this week confirmed the committee is still awaiting Perdue’s paperwork.

The biggest challenge – and one certainly not unique to Perdue given the financial complexion of Trump’s cabinet – is the complex review of the former Georgia governor’s financial disclosure statements to find potential conflicts of interest. Then there’s the extensive FBI security/background investigation.

Sen. Charles Grassley (R, IA), having lost out in his push for a midwestern ag secretary, said this week he hopes there’s a northerner in the deputy secretary slot at USDA. Grassley made no secret he’d like to see his home state ag secretary Bill Northey get the job, generally considered the chief administrative slot at USDA. Also in the running for the number two job at USDA are Indiana Ag Director Ted McKinney, Indiana farmer Kip Tom, former California ag secretary A.G. Kawamura, who’s now an Orange

County fruit and vegetable producer, and Nebraska agribusinessman and chair of the Trump agricultural advisory committee Charles Herbster.

### **Clovis Takes Over USDA Set-up Duties; Ag Sec Aide Named**

Iowan Sam Clovis, deputy campaign director and senior policy advisor to then presidential candidate Donald Trump, is now firmly in charge of getting the Trump team up and running at USDA, handling logistics and hiring.

Clovis, a former economics professor at a small Iowa college, served as a surrogate for Trump in front of several agriculture groups during the general election campaign, proving to be knowledgeable and entertaining. Clovis also took a couple of unsuccessful runs for a seat in Congress.

And while Clovis is in charge, Brian Dangel, a Washington State senator, will serve as a special assistant to the secretary of agriculture, *Politico* reported this week. The lawmaker announced his own appointment, stepping down from the state legislature earlier this week, and said he'll begin his new job at USDA immediately. Dangel represents a northeastern Washington district that sits on the Canada/Idaho border. He said he took the USDA job to "do more to help his district," reports *Politico*. An early supporter of President Trump Dangel said he was the campaign's lead for Eastern Washington.

### **Giancarlo takes Temporary Reins at CFTC**

As expected, Commodity Futures Trading Commission (CFTC) Republican commissioner J. Christopher Giancarlo has been asked by President Trump to take the CFTC chair temporarily. He follows commission Chair Timothy Massad who left earlier this month, and is widely thought to be the front-runner to be the new permanent CFTC chair.

Appointed by President Obama, Giancarlo is now one of only two commissioners working at the CFTC. The other is Sharon Bowen, a Democrat. There are three vacancies – two GOP and one Democrat – for Trump to fill.

### **First Senate Farm Bill Hearing Set for Kansas February 23; House to Hold Listening Sessions Soon**

The first formal hearing – taking testimony only from producers – will kick off the drafting of the 2018 Farm Bill, and will be held by the Senate Agriculture Committee on February 23, in Manhattan, Kansas, home state of committee Chair Pat Roberts (R, KS).

Over on the House side of Capitol Hill, Agriculture Committee Chair Mike Conaway (R, TX) has said he expects to begin listening sessions around the country in the next couple of months. At the same time, most of Conaway's GOP members attended a Farm Bill "retreat," learning from committee leaders, including Roberts and former panel chair Rep. Frank Lucas (R, OK) how to handle a Farm Bill, and how not to handle a Farm Bill. Conaway told his committee members to begin evangelizing and defending farm programs and spending cuts already made. Farm groups are being urged to bring forward their ideas for program reform sooner rather than later.

"I can't think of a more appropriate venue to hold this hearing than Manhattan, Kansas, the home of Kansas State University, the Kansas Department of Agriculture and the Kansas Farm Bureau," Roberts said. "We need clear direction on what is working and what is not working in farm country. Our farmers

will have a lot to say. As I said at the beginning of the 114<sup>th</sup> Congress, I will put farmers and ranchers first in the Senate Agriculture Committee.”

Ranking committee member Sen. Debbie Stabenow (D, MI) said, “We will need input from farmers and their families all across the county. I’m looking forward to this hearing in Chairman Roberts’ home state.”