**State Association Weekly Washington Report 7.6.17**

**Corn Acres Down 3%, Wheat Down 9%, Soybean Planting Up 7% to Record 90 Million Acres**

Corn planted in the U.S. for all purposes this year covers nearly 91 million acres, 3% less than last year. Acres planted for grain at 83.5 million, are down 4% from 2016, USDA reported in its June 30 Acreage Report. Acres planted are down or unchanged in 38 of the 48 states estimating acreage. USDA said 92% of the corn acreage planted was with biotech varieties.

The federal planting estimates are based on surveys with 70,000 farmers during the first two weeks of June, and align closely with farmer intentions reported in March

Soybean acres planted in 2017 are estimated to hit 89.5 million, a record and up 7% from last year, USDA reported. Estimates show acres are unchanged or increased in 24 of the 38 reporting states. Some 94% of soybean seed planted is genetically enhanced.

All wheat acres planted this year total 46.7 million, down 9% from last year, the department reported, and the lowest all-wheat planted area since 1919. Winter wheat acreage is down 9% from last year at 32.8 million acres, with 23.8 million planted to hard red winter wheat, 5.61 million to soft red winter, and 3.42 million to white winter wheat. Area planted to other spring wheat is estimated at 10.9 million acres, down 6% from last year.

**EPA Proposes RFS for Ethanol at Top of Range, Advanced Biofuels Static**

Total overall renewable fuels federally mandated to be blended with gasoline to meet the federal Renewable Fuel Standard (RFS) for calendar 2018, were proposed by EPA this week at 19.28 billion gallons, up slightly from this year’s 19.24 billion, reflecting “conventional” corn ethanol at 15 billion gallons, the highest RFS level allowed by law, but showing no increase for biodiesel or renewable diesel at 2.1 billion gallons.

The overall RFS proposed for advanced biofuels at 4.24 billion gallons reflects a 40-million reduction from the 2017 level, EPA said. The mandate for cellulosic ethanol – part of the advanced biofuels category – was proposed at 228 million gallons, down a whopping 23% from 2017.

The RFS mandate proposal is now open for public comment, but must be finalized by November 30.

Sen. Charles Grassley (R, IA), arguably the Senate’s biggest champion for biofuels of all kinds, called the EPA proposal “a mixed bag.” The National Farmers Union (NFU) said the announcement was disappointing and appears to be President Trump retreating from his commitment to support biofuels and the RFS. NFU released a statement urging the White House to “reconsider this action and to increase these proposed obligations to meet the levels as written by Congress.”

“We are proposing volumes consistent with market realities focused on actual production and consumer demand while being cognizant of the challenges that exist in bringing advanced biofuels into the marketplace,” said EPA Administrator Scott Pruitt.

Pruitt also signaled a likely “reset” of some RFS obligations, including a technical analysis “that will inform a future rule to reset the statutory volumes for cellulosic, advanced and total biofuels” based on conditions outlined in federal law. “We expect those conditions to be met in the near future, so we are conducting a technical analysis to inform future reset rules,” he said.

The announcement references EPA’s assessment of “higher levels of ethanol-free gasoline” – giving no context to the statement. It also reported it’s “bolstering” its memorandum of understanding (MOU) with the Commodity Futures Trading Commission (CFTC) “to analyze and address a host of market concerns, including the need for increased transparency.”

The agency announcement also talked about “concerns” that some RFS obligations are being met through imported fuels from Brazil, Argentina and Indonesia. The National Biodiesel Board (NBB) has brought legal action based on these imports.

**USDA Targeted for More State Drought Aid**

A recent Senate Agriculture Committee hearing on conservation programs quickly shifted into a call by the Dakotas and Montana for more USDA drought assistance. In the wake of USDA announcing it would allow grazing on Conservation Reserve Program (CRP) acres in severe drought counties, one North Dakota lawmaker told the USDA witness, “I would urge you to do everything, go to the limit in allowing ranchers access to the CRP.”

“If they’re (ranchers) making it, they’re making it day to day right now, and they don’t know how they’re going to carry this over into the winter,” said Sen. Heidi Heitkamp (D, ND). “I don’t know how things can get worse for our ranchers out there.”

Sen. John Thune (R, SD), who said only 9% of his state is not affected by drought and 56% is suffering severe drought, joined Heitkamp in urging Secretary of Agriculture Sonny Perdue to allow emergency haying in addition to grazing. USDA said Perdue also allowed CRP contract holders whose contracts allow them to hay to donate that hay to ranchers without a penalty. The USDA witness said the secretary continues to monitor the situation and is expected to make an announcement on emergency haying soon.

**Federal Dollars for Farm Bill Shrinking**

Agriculture groups are growing ever uneasy as it appears there will be significantly less money to fund agriculture programs authorized by the 2018 Farm Bill. Late last week, the Congressional Budget Office (CBO) provided the first harsh dose of economic reality when it reported it forecasts $130 billion less to underwrite the omnibus farm program package.

Further complicating the Farm Bill funding formula is whether or not Congress can come up with a FY2018 budget resolution, an agreement on overall federal spending as well as allocations for spending within various agencies and departments. House Agriculture Committee Chair Mike Conaway (R, TX) has so far generally protected the evolving Farm Bill from new, deep spending cuts, but he is now confronted with a move by budget hawks to cut federal food stamp funding, while leaving most other programs intact.

In 2014, the House-Senate Farm Bill agreement was budgeted at $956 billion over a decade, compared with last week’s baseline prediction that farm and nutrition programs, research, trade, conservation, crop insurance and other programs would cost $822 billion over the same time frame. Of the new total, CBO predicts $679 billion will go to fund the Supplemental Nutrition Assistance Program (SNAP) and other nutrition programs.

**Trump Signs Agro-Terrorism Bill**

The White House late last week increased the Department of Homeland Security’s (DHS) job in protecting the nation’s food, agriculture and veterinary systems from natural and man-made attacks when President Trump signed the “Securing Our Agriculture & Food Act” into law.

Under the new law, authored by Reps. David Young (R, IA), Dan Donovan (R, NY) and Donald Payne (D, NJ), DHS is directed to install its assistant secretary for health affairs as the head of a new DHS effort to protect the food system, coordinating with other federal agencies and departments.

“As a former chairman of the Senate Intelligence Committee, I understand the unique threat our farmers and ranchers face,” said Sen. Pat Roberts (R, KS), now chair of the Agriculture Committee. Trump was smart when he recognized and restated the importance of DHS playing a bigger role in protecting against agro-terrorism, said Roberts, who noted the federal government – mainly DHS – is in the midst of building the National Bio & Agro-Defense Facility (NBAF) in Manhattan, Kansas.

**Cargo Preference Opponents Win in Food Aid Spat with President**

President Trump has talked for months about his intention to increase by executive order how much U.S. food aid moving overseas must move in U.S.-flagged vessels, his plan being to jump from 50% to 100%. His rationale was that it would create U.S. shipping industry jobs. However, within a week of making his intentions known, bipartisan opponents of cargo preference weighed in and convinced the president to think again.

Cargo preference opponent Sen. Bob Corker (R, TN), chair of the Foreign Relations Committee, said he met with the president and convinced him that increasing to 100% the percentage of U.S.-flagged vessels carrying food aid would dramatically increase the cost of the aid, slow deliveries and translate to fewer people getting assistance. Opponents also argue such a move will do little to create more jobs. At the same time, a bipartisan group of Senators let the White House know the Trump order would not be supported in Congress.

The overall taxpayer cost of U.S. food aid – this country is by far the biggest provider of international food assistance – was about $2.8 billion last year, with half that outlay going to storage and shipping costs. Shipping on a U.S. bottom costs on average 43% more than international competition and can take months longer to reach its destination

**Arkansas Moves Emergency Dicamba Ban Forward**

The Arkansas General Assembly’s Legislative Council will meet July 21 to review and decide if Gov. Asa Hutchison’s decision to move forward with a 120-day emergency ban on the sale and use of the wide-spectrum herbicide dicamba will stand. Hutchison notified his secretary of agriculture and the director of the state Plant Board that emergency calls he’s received justify his decision.

The action was taken after the state received hundreds of complaints from over 30 counties alleging “misuse” of dicamba. The most common complaint is that dicamba sprayed over the top of approved crops drifts into adjacent fields and damages other crops, particularly soybeans. Reports of damage are also increasing in Tennessee, Missouri and Mississippi, and could affect as many as 2 million acres, according to media reports.

The 50-year-old herbicide is being used today on Monsanto’s new genetically engineered soybean and cotton varieties that can tolerate dicamba. Farmers who’ve planted the new varieties argue they should be allowed to spray, while other farmers argue they should not have to buy dicamba-tolerant soybeans as a defense against spray drift. They also argue such a move doesn’t fix similar impacts from dicamba drift on vegetable and fruit growers and vineyards.

In addition to moving the proposed emergency action forward – the Plant Board has recommended an outright ban on the chemical – Hutchison asked the agriculture department and the board to put together a task force to come up with a long-term solution by studying dicamba technology and looking at why problems with application and use have occurred.

**Bayer Ask EU for Formal Approval of Monsanto Deal**

Bayer AG management late last week formally asked the European Union (EU) to approve the German chemical company’s purchase of Monsanto, beginning an EU review process that could culminate in a signed, sealed and delivered merger by the end of 2017.

Giving Bayer some encouragement things will go its way, the EU Competition Commission has already approved this year the Dow-DuPont merger, as well as the ChemChina acquisition of Swiss chemical/biotech giant Syngenta. However, both deals were subjected to significant scrutiny and both were required to change the terms of the agreements and engage in significant divestitures.

As in other countries, the proposed merger of the two companies has drawn opposition from environmentalists and thousands of others who have signed petitions seeking to block the deal. The Competition Commission has until August 7 to either greenlight the Bayer-Monsanto deal or begin a highly complex review process which could drag the fate of the merger into 2018.

**Hatch Shuts Up PETA without Saying a Word**

Proving once again that a single picture can be worth a thousand words, Sen. Orrin Hatch (R, UT) last week undercut a PETA anti-agriculture campaign and he did it without speaking a word to or about the world’s largest and most radical animal rights group.

It is always good to have Hatch on your side of any issue. Hatch is president pro tempore of the Senate, and sits as the chamber’s most senior Republican Senator. After a career of 40 years, he’s the longest-serving GOP Senator in U.S. history, and the second-most senior Senator overall, right behind former Agriculture Committee Chair Sen. Patrick Leahy (D, VT).

The senior Senator from Utah is a Renaissance man. Anyone in Washington, DC, will agree Hatch is one of the classiest acts in town.  As conservative as he is politically, he was one of the late Sen. Ted Kennedy’s closest friends.  Hatch’s life goes first to his family – married nearly 60 years, Hatch has six children and a whole passel of grandchildren.  Hatch is a poet and song writer, with several published songs. He’s also had cameos in films and on television.

So, as big a champion of agriculture as Hatch has always been, it was still a bit of a surprise to see an explosion of media attention to a Tweet the chair of the Senate Finance Committee sent out responding to a PETA challenge, in this case, the question: “Why would anyone eat bacon?” Told by the animal rights group to “provide your best argument,” Hatch tweeted a series of photos of himself in the Senate cafeteria eating a bacon sandwich, eating a bacon and egg breakfast, and in a supermarket, buying bacon. All of the photos featured a smiling Hatch, illustrating his best argument.