

AG ISSUES UPDATE
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Mexico Tariff Saga

Trade - One Step Forward & Two Steps Back (Part 1)

June 6, 2019

U.S. recently removed the Sec. 232 tariffs on imported steel and aluminum from Mexico, and it was great news when Mexico responded by removing its retaliatory tariffs against U.S. products including apples. Mexico has long been the U.S.' largest apple export market, purchasing 15.2 million boxes in the most recent year for which data are available.

But after just two weeks of returning to free trade with Mexico, President Trump announced Thursday he would impose a 5 percent tariff on all goods from Mexico "until such time as illegal migrants coming through Mexico, and into our Country, STOP." According to the White House, the tariff will escalate to 10 percent on July 1; 15 percent on August 1; 20 percent on September 1; and 25 percent on October - unless, in Trump's words, "the Illegal Immigration problem is remedied."

The largest farm association in Mexico urged its government to retaliate with tariffs targeted at Trump's political base, specifically suggesting corn, pork, apples, potatoes and whiskey. Mexico's President Andrés Manuel López Obrador has not reacted with a call for new retaliatory tariffs.

On passage of the US-Mexico-Canada free trade agreement (USMCA) to replace NAFTA, the Trump Administration says it wants Congress to ratify the agreement by August. That leaves just 28 legislative days to accomplish passage. Mexico and Canada have both taken steps to ratify the USMCA, but some Members of Congress are worried that last week's new tariff threat could derail the pact. *USApple, Apple Bites - 6.5.19*

Mexico Plans 25 Percent Retaliatory Tariff on Apples (Part 2)

June 7, 2019

As a result of President Trump's proposed 5% tariff schedule, Mexico's Foreign Trade Commission (Cocex) unanimously approved and presented to their President a draft list of reprisals, which includes 25 percent tariffs on apples, beef, bacon, pork, fresh cheese, beer and grapes.

If the U.S. plan is executed, Mexico will be able to react immediately. Further, if the U.S. increases its tariffs monthly as President Trump has threatened, Mexico intends to increase its retaliatory tariffs in response.

For his part, President Trump said today there is a good chance of a deal after which the U.S. would step back from imposing the new tariffs on Mexico, nonetheless the White House press office told reporters "the tariffs will move forward and go into effect on Monday."

Trump says tariffs on Mexico suspended indefinitely (Part 3)

June 8, 2019

WASHINGTON (AP) — President Donald Trump announced late Friday that he had suspended plans to impose tariffs on Mexico, tweeting that the country "has agreed to take strong measures" to stem the flow of Central American migrants into the United States. But the deal the two neighbors agreed to falls short of some of the dramatic overhauls the U.S. had pushed for.

A “U.S.-Mexico Joint Declaration” released by the State Department said the U.S. “will immediately expand the implementation” of a program that returns asylum-seekers who cross the southern border to Mexico while their claims are adjudicated. Mexico will “offer jobs, healthcare and education” to those people, the agreement stated.

Mexico has also agreed, it said, to take “unprecedented steps to increase enforcement to curb irregular migration,” including the deployment of the Mexican National Guard throughout the country, especially on its southern border with Guatemala. And Mexico is taking “decisive action to dismantle human smuggling and trafficking organizations as well as their illicit financial and transportation networks,” the State Department said.

The move puts to an end — for now — a threat that had sparked dire warnings from members of Trump’s own party, who warned the tariffs would damage the economy, drive up prices for consumers and imperil an updated North American trade pact. Trump’s Friday night tweet marked a sharp reversal from earlier in the day, when his spokeswoman Sarah Sanders told reporters: “Our position has not changed. The tariffs are going forward as of Monday.”

New Apple Tree Insurance Policy Approved by FCIC

At its June 5 meeting, the Board of the Federal Crop Insurance Commission (FCIC) gave final approval to a new crop insurance policy that covers apple trees. In early 2016, USApple’s Risk Management Task Force began working with AgriLogic Consulting, LLC, on the development of a separate insurance policy that would cover apple trees in a way that would address the unique needs of growers.

This new apple tree policy is separate and distinct from the insurance policy in existence since the 1990’s that covers fruit only. AgriLogic is a leading risk management company for agriculture and has developed more than 50 crop insurance products for USDA.

The program will provide a tree-based dollar amount of insurance with liability being established on a per tree basis. AgriLogic is currently working with USDA’s Risk Management Agency to implement the program, which will be available to apple producers in all major apple-producing counties in Washington, New York, Michigan, Pennsylvania, Idaho and Oregon, with the possibility of adding coverage in additional states in the future. The program will be offered for the 2021 crop year with an initial sales closing date of April 15, 2020.

President & CEO Jim Bair expressed thanks to the growers working with USApple’s Risk Management Task Force and AgriLogic for their dedication and hard work in developing this new risk management tool for apple growers. *USApple Member Alert, 6/6/2019, Mark Seetin*

Trump Administration Proposes Aid Package to Ease Damage of Chinese Trade War

President Donald Trump’s administration recently rolled out the details of a \$16 billion aid package that aims to help offset the financial damage the escalating trade war with China has inflicted on farmers.

The package includes up to \$14.5 billion in direct aid to affected farmers. Dairy farmers will be paid based on production history and hog farmers will be paid based on inventory. Farmers producing tree nuts, fresh sweet cherries, cranberries and fresh grapes will be paid based on production. Grain producers will be compensated based on total plantings of those crops in aggregate so that the program does not influence planting decisions.

Payments will be made in three rounds: the first after the Farm Service Agency's July 15 crop reporting deadline and the others in November and January if deemed necessary. The plan also calls for \$1.4 billion for the Agricultural Marketing Service to purchase affected commodities to distribute to schools and food banks and \$100 million to help develop new export markets.

The aid announcement came after the latest escalation in the trade war with China, which has disrupted U.S. agricultural commodity markets and put further financial stress on farmers. The Trump administration recently hiked tariffs on \$200 billion in Chinese goods, prompting China to retaliate with its own tariffs on U.S. agricultural goods and other items.

Congress Passes Disaster Aid Bill

A disaster-relief package that aims to help farmers and rural communities recover from catastrophic weather events in 2018 and 2019 has cleared Congress. President Donald Trump is expected to sign the legislation.

The \$19.1 billion proposal would provide an extra \$3 billion in farm disaster assistance for USDA to help farmers offset crop losses. Other highlights include \$150 million in grants to develop essential community facilities in rural areas, \$558 million in conservation funding to help farmers rehabilitate farmland after natural disasters and \$435 million for emergency watershed work.

Pennsylvania farmers could potentially see some benefits from the package, as 2018's heavy rain and flooding was declared a disaster throughout most of the state. However, it will be up to USDA to determine how funding is distributed if the bill is adopted.

New Guidance Aims to Help Growers Utilize Alternate Curricula for Produce Safety Training

The FDA has released a draft guidance that, aimed at helping growers and educators utilize alternate curricula to meet certain training requirements of the Produce Safety Rule mandated by the FDA Food Safety Modernization Act (FSMA). The draft is open for public comment for 120 days.

The Produce Safety Rule establishes science-based standards for the safe growing, harvesting, packing, and holding of produce grown for human consumption. The rule requires that at least one supervisor or responsible party successfully complete food safety training that is at least equivalent to the FDA-recognized curriculum developed by the Produce Safety Alliance (PSA).

The standardized curriculum covers fundamental food safety topics related to produce and the requirements of the Produce Safety Rule. Covered farms are not required to use the standardized curriculum and may use alternate curricula that is at least equivalent.

In the draft guidance, the FDA has recognized as adequate version 1.1 of the standardized curriculum developed by the Produce Safety Alliance. This curriculum was developed in careful consultation with and review by the FDA. The curriculum covers fundamental food safety topics including an introduction to produce safety, worker health and hygiene, training, wildlife and domesticated animals, land use, produce handling, and sanitation.

Through questions and answers, this draft guidance will help farmers and educators understand FDA's current thinking on factors that should be considered when either selecting or developing an alternate training curriculum from the one developed by the Produce Safety Alliance. *USApple, Apple Bites - 6.5.19*

Bill Clarifying Agritourism on Preserved Farmland Clears Senate

State senators voted 47-0 to advance a bill that seeks to add more certainty for farmers who are looking to supplement their income by establishing agritourism operations on preserved farms. Senate Bill 583 now goes to the House for consideration.

The legislation, sponsored by Sen. Ryan Aument of Lancaster County, would establish a uniform definition of agritourism and clarify that such activities are permissible on preserved farms. Currently, county farmland preservation boards may approve incidental businesses, including agritourism, on preserved farms. However, the definition of what constitutes agritourism can vary between counties.

The bill would maintain county boards' roles in approving agritourism on preserved farms but establish common definitions that landowners and farmland preservation boards can rely on to make decisions. A similar bill was passed by the Senate last year but was not taken up by the House.

Advocates Call for More Funding for PASS

Advocates for a program that helps give food banks access to surplus food that's produced or processed in Pennsylvania are urging the General Assembly to increase the program's funding in the 2019-2020 budget.

The Pennsylvania Agricultural Surplus System (PASS) is designed to cover the cost of getting surplus agricultural products from Pennsylvania farms and processors into food banks. In many cases, the food is donated but PASS funds cover expenses like transportation and processing or can be used to offset some of the production costs. PASS funds are also used to produce value-added products for food banks from surplus food, such as processing excess milk into cheese.

Farmers benefit because they're able to recoup some of their production costs on food that would otherwise be a loss, said Jane Clements-Smith, executive director of Feeding Pennsylvania, which represents the state's food banks. Food banks benefit, she said, because they're able to provide clients with fresh produce and protein that they would not otherwise have access to.

Such foods, while an important part of a healthy diet, are expensive for food banks to purchase. And food banks don't receive as many fresh-food donations as they do non-perishable items. "It really supports farmers as much as it does hungry people," said Clements-Smith said. "So, it's a real win-win."

Since it was first funded in 2015, PASS funds have given food banks access to 9.6 million pounds of Pennsylvania-produced food. More than 100 farmers and processors in 43 counties have participated.

Advocates are calling for the PASS program's funding to be doubled to a total of \$3 million in the 2019-2020 state budget. "The more money we have, the more we can say 'let's get more farmers and processors involved,'" Clements-Smith said. "Right now, funding from current fiscal year is depleted. Farmers are calling now and they'll have to wait until next year."

Senate Passes Beginning Farmer Bill

A proposal that aims to help the next generation of Pennsylvania farmers get established has been passed by the state Senate. Senators voted 47-0 in favor of Senate Bill 478, sending it to the House for consideration.

The legislation, sponsored by Sen. Elder Vogel of Beaver County would establish an income tax credit for landowners who lease or sell land, buildings and/or equipment to beginning farmers. The bill would allow for a one-time tax credit for property sold to a beginning farmer or a multi-year credit for property leased.

The tax credit could be used to aid in family transitions—such as sales from a parent or grandparent to a child or grandchild—or to help an unrelated beginning farmer. The bill outlines criteria defining who is a beginning farmer, excluding individuals who have been engaged in farming for more than 10 years. For every four farmers in Pennsylvania that are age 65 or older, there is only one farmer under the age of 35.

Pennsylvania Farm Bureau supports the measure and believes that helping young farmers pick up the reins and get established is critical to continuing Pennsylvania's agricultural legacy and the important contributions farming makes to our state's economy and way of life. And with no neighboring states offering such a program, PFB believes a tax incentive in Pennsylvania could make the state a regional leader in agriculture.

Bill Easing Regulatory Burden on Wedding Barns Clears Senate

A bill that aims to ease the regulatory burden on agricultural buildings used occasionally for weddings and other social events is a step closer to becoming law. State senators voted 27-20 in favor of Senate Bill 453, sending the measure to the House for consideration.

The bill, sponsored by Sen. Judy Ward of Blair County, would exempt wedding barns and similar structures from certain requirements imposed under the uniform commercial code, provided that the building still meets other standards to ensure a high level of safety. The exemption would apply to buildings first constructed prior to 1999, not new construction.

Pennsylvania Farm Bureau supports the bill and believes that the exemption is necessary to ensure farmers are able to take advantage of the opportunities that come with hosting events on the farm without being stymied by cost-prohibitive requirements intended for commercial buildings. Instead, safety would be ensured through steps that are more practical to implement in agricultural buildings.

A similar bill, House Bill 1037 by Rep. John Lawrence of Chester County, is awaiting a vote by the full house.

U.S. Meat Industry Granted Duty-Free Access to Mexican and Canadian Markets

Duties imposed on U.S. pork products exported to Mexico and beef products shipped to Canada have been lifted in return for U.S. tariffs being removed from aluminum and steel products from both countries.

The resumption of exports of U.S. pork and beef products to Mexico and Canada is expected to occur very soon and may be a catalyst to congressional approval of the United States-Mexico-Canada-Agreement. Canada and Mexico purchased 40 percent of the pork exported from the U.S. last year. Exports of U.S. beef products to both countries are also expected to improve.

Senators Approve Bill to Allow Wider Farm Equipment

Legislation that would allow farmers to move wider equipment on roadways has cleared the state Senate. Senators voted 48-0 in favor of Senate Bill 338, sponsored by Rep. Wayne Langerholc of Cambria County, sending the bill to the House for consideration.

The measure would allow farm equipment up to 18 feet wide to operate on roadways under certain safety restrictions. Currently, farmers can move equipment up to 16 feet wide on roadways within 50 miles of their farm. The bill would increase the maximum width allowed to 18 feet, while retaining the Vehicle Code's current safety requirements and restrictions for movement of larger farm equipment on roadways.

Agritourism Operators Encouraged to Participate in Survey

Agritourism operators or farmers who are considering starting an agritourism enterprise are encouraged to participate in a survey from Penn State Extension. The survey aims to examine whether agritourism can help Pennsylvania farms stay or become profitable.

Responses are confidential and only statistical summaries, not individual responses, will be used in reports. Visit pennstate.qualtrics.com/jfe/form/SV_a5YGUrYHvh7dSrX to participate in the survey. For more information, contact Claudia Schmidt at **814.863.8633** or cschmidt@psu.edu.

Enjoy Baseball, Support Agriculture Education

The Harrisburg Senators baseball team is hosting Ag Night at the Ballpark **Aug. 1** to benefit the Pennsylvania Friends of Agriculture Foundation.

For each ticket sold, \$5 will go towards supporting the foundation's mission to bring agriculture education programs to classrooms across the state. Be sure to arrive early to learn about agriculture through interactive, family-friendly activities.

Tickets cost \$11 each for the game only. Tickets that include an all-you-can-eat buffet dinner are also available for \$27 for teens and adults or \$16 for children ages four to 12.

To ensure that your ticket purchase benefits the foundation, you must order online at <https://groupmatics.events/event/agnight> or call **717.731.3555** and mention Ag Night at the Ballpark.