

2019 CONGRESSIONAL FLY-IN

Prioritize America's Family Farmers

Nearly 400 National Farmers Union members from across the country are in Washington, D.C., meeting with representatives to advocate for sensible legislative solutions to the many challenges currently facing family farmers and ranchers. The farm economy is in a six-year decline. Extreme weather events and a changing climate are hindering farmers' and ranchers' ability to grow crops and raise livestock. Efforts to expand biofuel use have been stymied by an unfair regulatory framework. Consolidation in the markets that farmers and ranchers buy from and sell to has narrowed profit margins to unsustainable levels. These market challenges have been compounded by ongoing trade disputes that have driven commodity prices even lower.

In these difficult times, Congress and the administration must implement policies that support family farmers and ranchers and put them on a path to a more sustainable and viable future. This packet highlights our concerns and outlines potential solutions.

Here's How

1. Strengthen the Farm Safety Net
2. Support Climate Smart Practices & Biofuels
3. Restore Competition to the Ag Economy
4. Improve USMCA & Resolve Ongoing Trade Disputes

For more information about these issues, contact
NFU's Government Relations Department at (202) 554-1600.

To contact your members of Congress, call the
U.S. Capitol switchboard at (202) 224-3121.

1. Strengthen the Farm Safety Net

American family farmers and ranchers are enduring the sixth consecutive year of depressed farm income. Chronic overproduction and disruption in international markets have driven prices for many commodities well below the cost of production. At the same time, severe weather has wreaked havoc on many U.S. farms and ranches.

While trade aid and disaster assistance have offset some of farmers' and ranchers' recent losses, Congress and the administration should work together to provide a reliable, consistent safety net.

State of the Farm Economy

- Net farm income is projected to be \$69.4 billion in 2019, a nearly 50 percent decline from 2013.
- Median farm income is projected to be negative for the sixth consecutive year.
- Total inflation-adjusted farm debt is at its highest level since 1981. Banks are tightening lending requirements, putting greater pressure on equity.

Trade Mitigation Payments

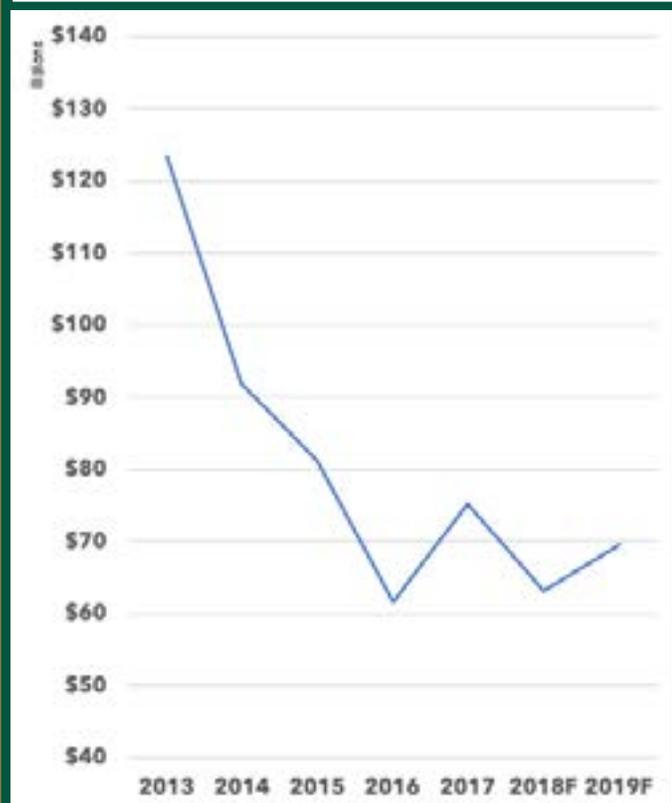
The Market Facilitation Program has offset some of farmers' and ranchers' losses resulting from trade disputes. However, county payment rates varied widely, putting some producers at a financial disadvantage. The program also failed to provide any mechanisms to address the chronic challenge of oversupply.

A Strong Safety Net

Congress and the administration should build upon the successes of the 2018 Farm Bill and enact policies that will significantly strengthen the farm safety net.

BY THE NUMBERS:

U.S. Net Farm Income (2013-19)



Source: USDA Economic Research Service

How Congress Can Act:

- Increase farm safety net support levels and establish mechanisms to reduce chronic overproduction.
- Create a long-term supply management program that balances milk supply with demand.

2. Support Climate Smart Practices & Biofuels

American family farmers and ranchers can play a key role in mitigating and adapting to climate change through conservation practices and renewable energy production. Efforts to make farmland more resilient to changing and extreme weather also help to sequester carbon. The growth of renewable energy use in transportation fuels through the Renewable Fuel Standard (RFS) will be a key component of America's clean energy future. Congress and the administration must promote programs and policies that encourage climate-friendly practices on farmland and promote higher blends of ethanol and advanced fuels.

What Farmers and Ranchers Need

- Support for USDA's voluntary, incentive-based conservation programs, which have been successful in helping family farmers and ranchers implement climate friendly practices on their land.
- Markets and supply chains that ensure climate friendly decisions on the farm are also good business decisions.
- The removal of arbitrary legislative and regulatory barriers to higher blends of ethanol, including E30, and the protection of demand for new and advanced biofuels.

Benefits From These Actions

- Climate-friendly practices help to clean waterways and reduce overall greenhouse gas emissions. Clean-burning fuels reduce greenhouse gas and pollutant emissions that exacerbate climate change and harm human health.
- Family farmers and ranchers will be better protected from the effects of climate change and will benefit from new markets, which would stimulate the farm economy.
- Biofuels development and new supply and processing systems will bring billions of dollars of capital investment, millions of dollars of new tax base, and many thousands of new, well-paying jobs with benefits to struggling rural communities.

BY THE NUMBERS:

Climate & Biofuels

15% of all farm land is enrolled in a USDA conservation program

43% reduction in GHG emissions when using ethanol vs. conventional gasoline

560 million barrels of imported oil were replaced by U.S. ethanol in 2017

How Congress Can Act:

- Support USDA conservation programs and a strong RFS.
- Cosponsor the Renewable Fuels Standard Integrity Act of 2019 (H.R. 3006 and S. 1840) to prevent further abuse of the small refinery waiver process.
- Eliminate barriers to higher blends of ethanol and advanced biofuels.

3. Restore Competition to the Ag Economy

American family farmers and ranchers have been dealing with rapid consolidation in the industries that both supply and buy from their operations. This consolidation has led to increased costs for farmers, less choice and competition in the marketplace, less innovation, and increased prices for consumers. In order to reverse this disturbing trend, NFU is calling for the restoration of competition in agricultural markets through increased antitrust enforcement in the food and agribusiness sectors and fair treatment for farmers in the contract poultry and livestock sectors.

The State of Consolidation in Food and Agriculture

- A handful of companies dominate the inputs for and processing of most major commodities. For example, the four largest corn seed, soybean seed, and livestock slaughter firms control more than two-thirds of each of their respective markets.
- Food and agribusiness companies are vertically integrating to control more stages of their supply chain, from inputs to production, processing, packaging, and distribution. This makes prices more vulnerable to manipulation, harming farmers and consumers alike.

Effects on Farmers, Ranchers, and Rural Communities

When farmers and ranchers are squeezed, rural communities and economies are undermined as stores lose customers, churches lose congregants, and job opportunities dry up. Congress must restore competition in the agricultural economy and increase the bargaining power of family farmers and ranchers.

BY THE NUMBERS:

Ag Concentration

85% of the U.S. corn seed market is controlled by the four largest firms

76% of the U.S. soybean seed market is controlled by the four largest firms

67% of the U.S. livestock slaughter market is controlled by the four largest firms

How Congress Can Act:

- Cosponsor the Food and Agribusiness Merger Moratorium and Antitrust Review Act of 2019 (S.1596 and H.R.2933) to stem the tide of increased concentration.

4. Improve USMCA & Resolve Ongoing Trade Disputes

Ongoing trade disputes are harming demand for U.S. farm products abroad, further depressing already low prices. Family farmers and ranchers are facing significant financial strain due to retaliatory tariffs and uncertainty in trading relationships. Meanwhile, the U.S.-Mexico-Canada Agreement (USMCA), as written, fails to protect rural jobs and rein in healthcare costs. Congress and the administration should improve USMCA and resolve trade tensions with China and other trading partners.

What is the Issue?

- China must address its unfair and anti-competitive intellectual property and trade policies as well as work to reduce their more than \$400 billion annual trade surplus with the United States. These issues will only be resolved if the world's major market economies work together.
- Congress and the administration must improve the environmental, labor, and enforcement provisions of USMCA and address language in the agreement that would prevent lawmakers from taking actions that would reduce the cost of prescription drugs. Passage of a strong and enforceable USMCA will help to protect farmers and rural communities.
- Trading relationships with other U.S. allies have frayed and must be restored.

Effects of Trade Disputes on Agriculture:

- Exports account for about 20 percent of farm income. Maintaining strong export markets and relationships with allies is key for farmers' and ranchers' bottom line.
- When governments retaliate against U.S. tariffs and other trade actions, agricultural products are often a top target.
- Recent retaliatory tariffs from leading trading partners have been devastating for U.S. farmers and ranchers, and the effects will be long lasting. For example, soybean farmers lost more than \$4 billion in exports in 2018. As the rest of the world continues to trade amicably, it may be difficult for U.S. farmers and ranchers to regain market share and restore our reputation as a reliable trading partner.

BY THE NUMBERS:

Agriculture & Trade

\$8.9 billion decrease in U.S. Agricultural exports expected in fiscal year 2019

57% decline in U.S. farm exports to China from 2016 to 2018

25% of U.S. farm exports are sold to Canada and Mexico

How Congress Can Act:

- Work with the administration to improve USMCA to reflect the needs of farmers, ranchers, and rural communities.
- Develop a long-term plan that ensures the viability of U.S. farmers and ranchers that is less dependent on exports.