

KNOWLEDGE EXCHANGE PARTNER

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Editor: Chris Laughton
Chris.Laughton@FarmCreditEast.com

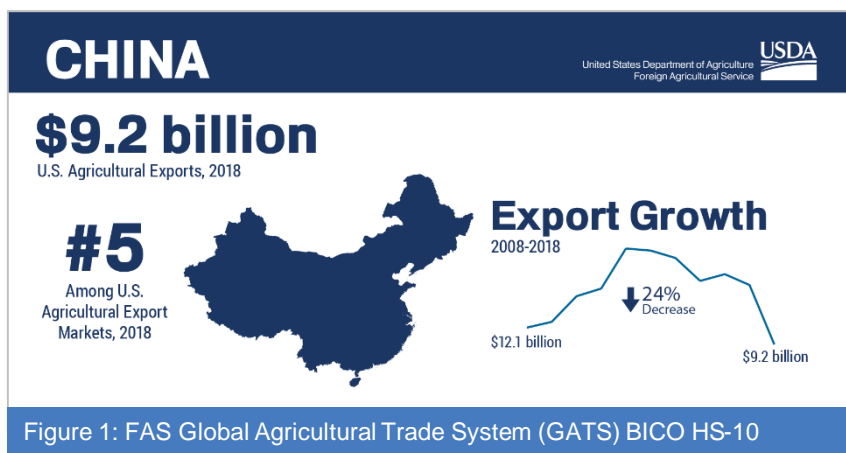
Contributors:
 Tom Cosgrove
 Heather Hunt
 Chris Laughton

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A Relief Package for US Farmers

Earlier this year, the USDA announced a \$16 billion package aimed at mitigating the negative market effects of reduced U.S. agricultural exports. This follows a similar program in 2018 that totaled \$12 billion in assistance.

Citing “unjustified retaliatory tariffs on U.S. agricultural goods and other trade disruptions,” the USDA put together a relief package for U.S. farmers comprised of three main components: the Market Facilitation Program (MFP), the Food Purchase and Distribution Program (FPDP) and the Agricultural Trade Promotion Program (ATP).



Market Facilitation Program

The first of the three major programs is the Market Facilitation Program (MFP). The MFP will direct the USDA Farm Service Agency to make direct payments to producers of a number of major row crops including corn, soybeans, sorghum, wheat and more.

These payments are based on a county payment rate multiplied by a farm’s total plantings of MFP-eligible crops in 2019. County payment rates will range from \$15 to \$150 per acre depending on the impact USDA estimates trade retaliation has in that county.





In addition to payments for row crops, dairy producers will receive a per hundredweight payment based on production history and hog producers will receive a payment based on their inventory of live hogs.

A number of specialty crops are included as well, such as cranberries, ginseng, grapes, cherries and tree nuts.

Producers who filed a prevented planting claim due to the excessively wet spring and planted an FSA-certified cover crop with the potential to be harvested will qualify for a \$15 per acre payment. Acres that were never planted in 2019 will not be eligible for an MFP payment.

Payment scenarios and eligibility

Support will vary by producer and location, but here are a few sample scenarios:*

<p>Scenario 1: Cash Field producer in Tompkins County, NY</p> <p>Grows 500 acres of eligible crops (i.e., corn and soybeans).</p> <ul style="list-style-type: none"> County payment rate: \$26/acre Total estimated payments: \$13,000 Initial August payment: \$7,500 	<p>Scenario 2: Cash Field producer in Wyoming County, NY</p> <p>Was unable to plant their desired crop due to inclement weather this spring. Filed a prevented planting claim, then planted an MFP-eligible cover crop on 300 acres.</p> <ul style="list-style-type: none"> County payment rate: \$15/acre Total estimated payments: \$4,500 Initial August payment: \$4,500 
<p>Scenario 3: Cranberry producer in Plymouth County, Mass.</p> <p>Harvests on 50 acres, 21,371 lbs. per acre.</p> <ul style="list-style-type: none"> Payment rate: \$0.03/lb. Total estimated payments: \$32,057 Initial August payment: \$16,028 	<p>Scenario 4: Dairy producer in Windham County, Conn.</p> <p>Milks 200 cows, produces 50,528 hundredweights (cwt) of milk annually.</p> <ul style="list-style-type: none"> Payment rate: \$0.20/cwt. Total estimated payments: \$10,106 Initial August payment: \$5,053 

*These are estimates based on information released by the USDA and are subject to additional eligibility criteria. Individual farm results may vary from these examples. Producers will not be paid for acres above and beyond what was planted in 2018 (with some exceptions).

Eligible producers are required to sign up to receive payments. **Enrollment is open now through December 6, 2019**, at Farm Service Agency offices. With the first payments scheduled to go out in late August, the distribution of funds will be made in up to three phases.

Food Purchase and Distribution Program

The second component of the trade mitigation package is the Food Purchase and Distribution Program (FPDP). This program will attempt to support market prices by purchasing up to \$1.4 billion in designated commodities affected by trade retaliation.

The purchases will be distributed by the Food and Nutrition Service to food banks, schools and other outlets serving low-income individuals.

Commodity	Estimated Purchases (\$Millions)	Commodity	Estimated Purchases (\$Millions)
Apricots	\$0.10	Potatoes	\$22
Figs	\$0.10	Raisins	\$24
Onions	\$0.40	Dairy	\$68
Strawberries	\$2	Apples	\$88
Pears	\$4	Citrus	\$104
Blueberries	\$5	Beef	\$151
Sweetcorn	\$11	Processed Foods	\$200
Lamb	\$17	Pork	\$208
Plums/prunes	\$22	Poultry	\$432
Total: \$1,359			

Figure 2: USDA Farm Service Agency

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Agricultural Trade Promotion Program

Finally, the USDA's Foreign Agricultural Service will administer the Agricultural Trade Promotion Program (ATP). This program will provide cost-share assistance to eligible U.S. organizations for activities such as consumer advertising, public relations, point-of-sale demonstrations, participation in trade fairs and exhibits, market research, and technical assistance. To date, \$300 million has been awarded to 48 organizations to help U.S. farmers and ranchers identify and access new export markets.

Funding allocations include roughly \$5 million to the American Hardwood Export Council, \$35 million to the American Soybean Association, \$3 million to the Cranberry Marketing Committee, \$21 million to Food Export USA Northeast, \$5 million to the National Potato Promotion Board, \$371,000 to the NY Wine and Grape Foundation, \$8 million to the U.S. Dairy Export Council, \$610,000 to the U.S. Highbush Blueberry Council, along with many other organizations that promote agricultural exports.

Summary

Together, these three components of the USDA agricultural trade assistance are intended to mitigate the negative market effects of trade disputes with China and other nations while the long-standing market access barriers are addressed. This support package aims to directly compensate farmers for lost revenue, purchase surplus commodities on the open market and promote exports of agricultural goods to alternative markets.

For more information on USDA programs, contact your local Farm Service Agency office or visit Farmers.gov.

Information for this article was summarized from the U.S. Department of Agriculture's press release, *USDA Announces Details of Support Package for Farmers*, issued July 25, 2019.

Farm Credit East Industry Snapshots – July 2019

We expect net farm income for 2019 to improve over 2018 and come in at roughly the same level as 2017. Contributing to this projection is average to above average performance from the greenhouse/nursery, fruit, vegetable and ag retail sectors. Higher milk prices will also contribute to the improvement over 2018.

FarmCreditEast.com's Industry Snapshots, updated quarterly, provide the latest business and market intelligence from our industry experts on a variety of natural resource-based industries, including agricultural sectors, commercial fishing and forest products.

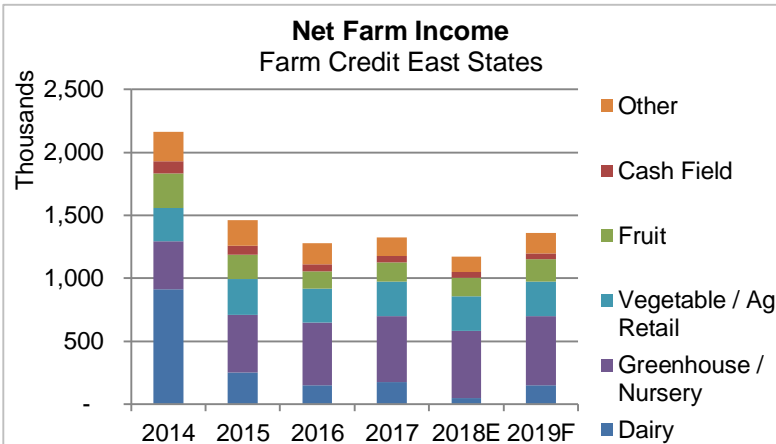


Figure 1: Farm Credit East Knowledge Exchange Estimates, includes CT, ME, MA, NH, NJ, NY & RI

Visit FarmCreditEast.com/Snapshots to read the full summary of these snapshots.

CONTACT INFORMATION

We look forward to your questions about Knowledge Exchange Partner and your feedback:

FarmCreditEast.com/KnowledgeExchange

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