National Farmers Union

UNITED TO GROW FAMILY AGRICULTURE

2016 District Work Packet

Overview

The August congressional recess is upon us, and elected officials are back in their home districts and states spending time with their constituents. Now is the time to speak up and make your voice heard. Call and set up meetings with your elected officials while they are home and attend town hall meetings. There are a number of legislative priorities for family farmers, ranchers and their rural communities that may be taken up this year in Congress. Read through this District Work Packet to find out more about these issues, and get in touch with your representatives to have your voice heard!

Top Issues

1. Trans-Pacific Partnership
2. Renewable Fuel Standard
3. Corporate Consolidation in Ag
4. Adequate Farm Support

For more information about these issues, contact the NFU Government Relations Department at (202) 554-1600. To contact your members of Congress, call the U.S. Capitol switchboard at (202) 224-3121

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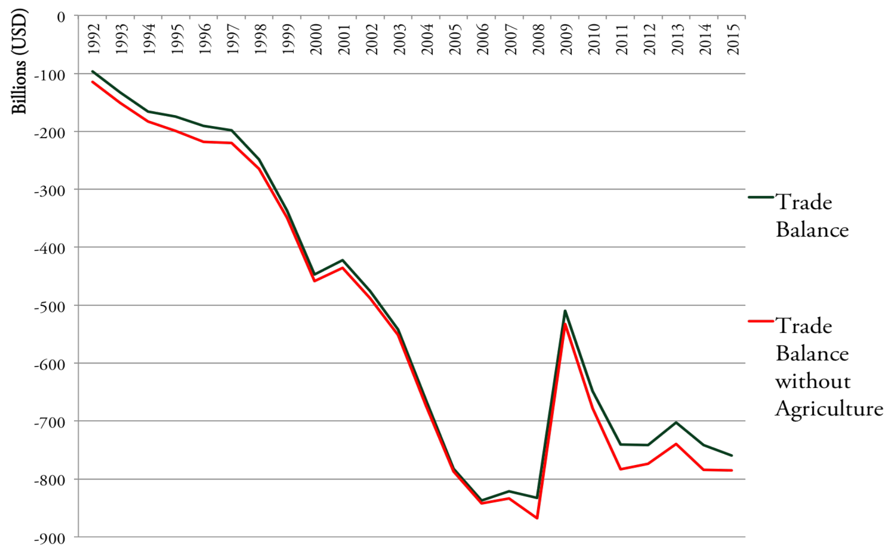
1. Trans-Pacific Partnership

The Trans-Pacific Partnership (TPP) is a multilateral trade agreement with 11 other countries (Canada, Mexico, Australia, Japan, New Zealand, Chile, Peru, Brunei, Vietnam, Malaysia, and Singapore) that will set the rules of trade for decades to come.

U.S. International Trade in Goods



The TPP is promoted as a boon to farmers because of increased export opportunities, but despite current trade agreements with 20 countries, the volume of U.S. exports of corn, soybeans and wheat has not increased in 30 years. Meanwhile, the U.S. has run a chronic and persistent trade deficit that totaled $531 billion in 2015.

Grain traders, meatpackers, produce shippers and food processors sell U.S. crops and livestock overseas, and they are the ones who reap any of the benefits from increased market access. The farmer's share from any increased exports is similar to the tiny farmer's share of the retail food dollar.

- TPP fails to address currency manipulation, a major contributor to the U.S. trade deficit
- The USITC, which is typically overly optomistic about trade deals, estimates in a recent report that in 16 years, TPP will:
  - Increase real GDP by just .15 percent, or $42.7 billion
  - Increase the trade deficit by $21.7 billion
  - Add 128,000 jobs (for reference, the U.S. added 287,000 in June alone)

The purported benefits do not outweigh the risks and Congress should oppose passage of the TPP.

What to Ask your Rep to Do

~ Oppose a lame-duck vote on Trans-Pacific Partnership

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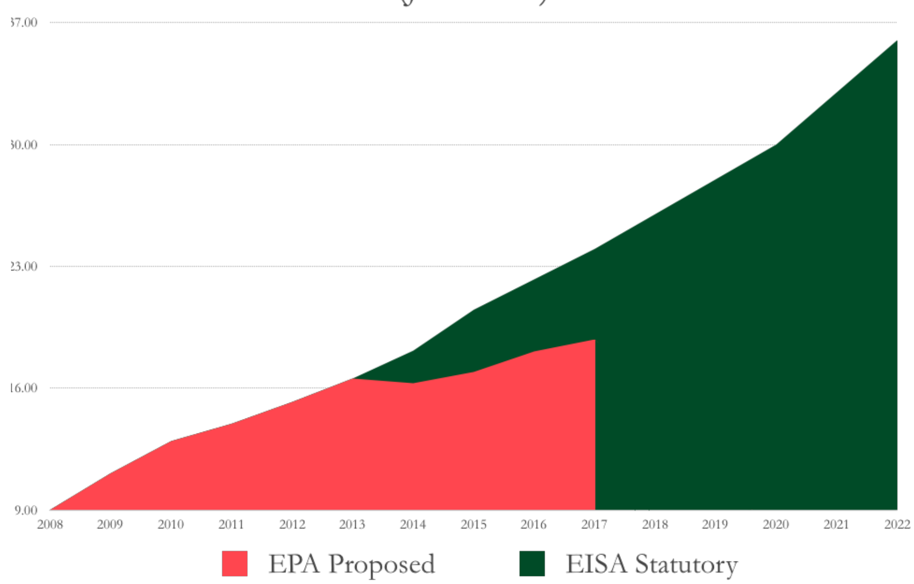
2. Renewable Fuel Standard

The Renewable Fuel Standard (RFS) is the nation's main policy driver for renewable fuels. It requires that 36 billion gallons of renewable fuel be blended into the nation's fuel supply by 2022. The RFS is good for the economy, good for U.S. energy security, and good for the environment.

The RFS benefits consumers by creating competition in our nation's transportation fuel sector, ensuring access for cheaper, clean, low-carbon alternatives to oil, creating more choice for consumers at the pump.

It benefits the economy by creating jobs and contributing to rural economic development. The renewable fuels industry creates $184.5 billion of economic impact and supports more than 850,000 jobs nationwide per year.

Renewable Fuel Standard (Statutory vs. Proposed Levels)
(June 2016)



The RFS also reduces foreign oil use and greenhouse gas emissions that come from the transportation sector, which make up 31 percent of U.S. carbon emissions.

While the U.S. Environmental Protection Agency (EPA) has made mistakes administering the program since 2014, the RFS has been very successful in driving rural investment and making the transportation fuels market more shock resistant. The problems with the program lie with EPA and the pressure levied on the Agency by oil companies; no legislative adjustments are necessary.

What to Ask your Rep to Do

~ Oppose any legislative changes to the RFS

~ Urge the EPA to increase their proposed RFS blending targets to their statutory levels

3. Corporate Consolidation in Ag

Commodity prices are currently low and below the cost of production. The downturn in the farm economy has spurred a third wave of consolidation of agriculture input companies. Six companies own 63 percent of the global seed market, 75 percent of the agricultural chemical market, and more than 95 percent of all trait acres for corn, soybeans, and cotton in the U.S. Five of the six companies are currently in various stages of merger proposals.

The meat processing sector is also heavily consolidated. The four biggest pork companies slaughter 74 percent of hogs in the U.S. The four biggest beef companies slaughter 85 percent of all cattle in the U.S. The four largest chicken companies slaughter 54 percent of all chickens in the U.S.

This consolidation in agriculture results in:

- **Increased costs for farmers and increased prices for consumers**
- **Less choice and competition**
- **Less innovation**

Farmers and ranchers bear the brunt of the massive negative economic consequences from increased consolidation. This consolidation, in all stages of the agricultural supply chain, has resulted in consolidation in farm land and rural depopulation.

Congress should evaluate the ineffectiveness of antitrust enforcement in the agriculture sector and hold hearings to examine the extent of the problem and identify potential policy solutions.

Top Six Agricultural Input Companies Own:

63%
Global seed market

75%
Agricultural chemical market

95%
Trait acres for corn, soybeans, and cotton in the U.S.

Top Four Meat Processing Companies Slaughter:

85%
Cattle in the U.S.

74%
Hogs in the U.S.

54%
Chickens in the U.S.

What to Ask your Rep to Do

~ Hold hearings to examine consolidation in agriculture inputs sector

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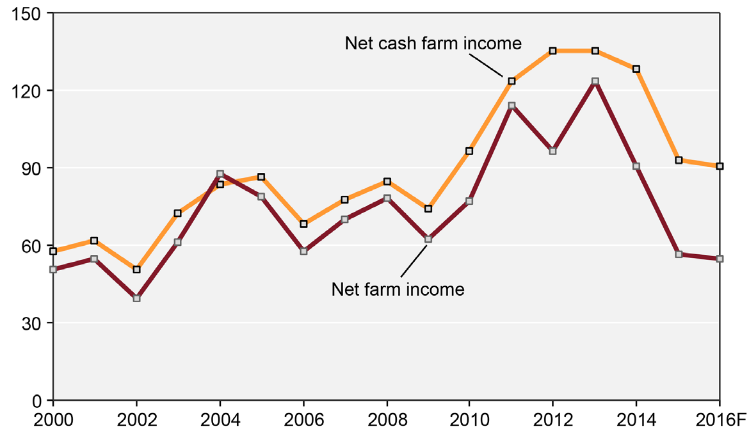
4. Adequate Farm Support

Farmers and ranchers across the country are struggling to pay their bills and provide for their families in light of the downturn in the farm economy. Prices of major agricultural commodities have fallen dramatically over the last three years, and input costs have increased, placing strain on farm income.

- Net farm income for 2016 is forecast to be $54.8 billion, the lowest since 2002.
- In 1996, net farm income was $59.0 billion, $4.2 billion higher than the current forecast, two decades later.
- Input costs continue to rise, and the four largest farm expenditures - feed, farm services, livestock and poultry related expenses and labor - were 9.3% higher in 2014 than 2013 (2015 numbers are due in August, 2016).



Net farm income and net cash farm income, 2000-2016
Source: USDA Economic Research Service

USDA farm loan program, commercial and community banks, and the Farm Credit System are all witnessing increased stress in their loan portfolios. Total farm debt at commercial banks has continued to rise, credit conditions have deteriorated as repayment rates declined, and delinquency rates have increased alongside reduced farm income. Demand for USDA loan services has also continued to rise as commercial lenders and their clients rely more on programs like the guaranteed loan portfolio and mediation services.

A strong and effective farm safety net that keeps farmers on the land and supports farmers when times are tough is critical. Farmers and ranchers understand the current environment of fiscal austerity; however, farm and nutrition safety nets are essential to the food security of our nation. As Congress begins to think about drafting the next farm bill, policy decisions should be based on appropriate need and should not begin on the premise of government savings.

What to Ask your Rep to Do

~ Ensure Farm Bill programs are based on appropriate need to provide sustainable and adequate food and farm security; they should not be based on misdirected attempts to downsize government

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