National Farmers Union

UNITED TO GROW FAMILY AGRICULTURE

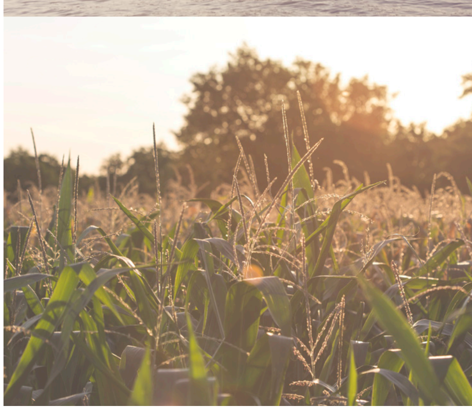
2016 Fly-In Talking Points

Overview

Founded more than 110 years ago, NFU advocates for the economic and social well-being and quality of life for family farmers and ranchers, and consumers. On behalf of nearly 200,000 member families nationwide, the family farmers and ranchers participating in the 2016 NFU Fall Legislative Fly-In have come to the nation's capital to advocate for a number of legislative priorities that will affect their operations and communities. These members are urging Congress to ensure Farm Bill programs are working for producers, reject the flawed Trans-Pacific Partnership trade agreement, oppose legislative changes to the Renewable Fuel Standard, and hold hearings to examine corporate consolidation in agriculture.

Top Issues

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



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

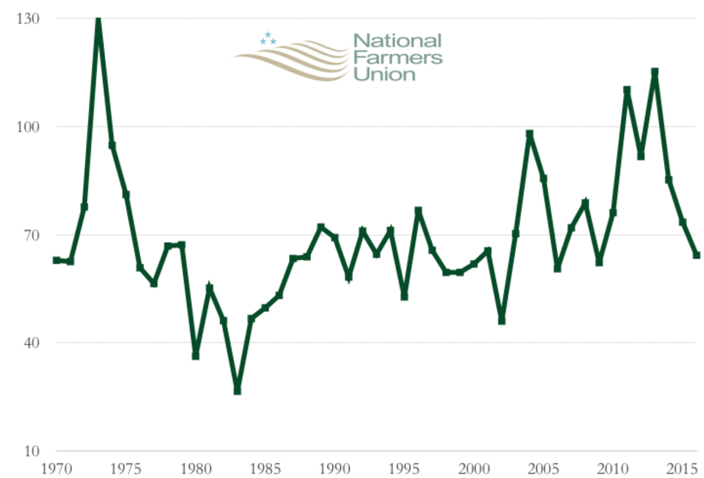
20 F Street, NW, Suite 300, Washington, DC 20001 P: 202.554.1600 F: 202.554.1654 www.nfu.org

2016 Fall Legislative Fly-In Talking Points

1. Adequate Farm and Food Support

American family farmers and ranchers are hurting! Our producers are the best in the world, but their livelihoods are at the mercy of market fluctuations and Mother Nature. As it stands now, the economic reality in rural America is a ticking time bomb. Congress must not stand by and watch an entire generation of farmers be wiped out as a result of rock-bottom commodity prices, rising input costs and an inability to access needed credit.

U.S. Net Farm Income - Real (2009 dollars) (1970-2016)



Source: USDA Economic Research Service

- **Net farm income for 2016 is forecast to be $71.5 billion.** That's an 11% drop from 2015, and more than 40% lower than just three years ago!
- **Input costs remain high despite a drastic decline in commodity prices**. In fact, total farm production expenditures were 4% higher last year than in 2011, 2012 and 2013, while many commodity prices have fallen 40% or more since that same time period.

The economic crisis has limited access to credit to many producers across the country. USDA's 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.

The 2014 Farm Bill safety net has failed to deliver on its promise. A strong and effective farm safety net is essential to the food security of our nation. Failing to act now is not an option for America's family farmers, ranchers or consumers.

What to Ask your Members of Congress to Do

~ Immediately begin working on the next Farm Bill to provide a stronger safety net that protects family farmers and ranchers from very low prices.

~ Provide USDA the necessary resources in order to get Title I payments to producers immediately instead of waiting until the end of the commodity marketing year.

~ Increase funding for FSA guaranteed and direct lending programs.

~ Provide emergency assistance to producers in need.

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2. 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.

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**.

In addition, the World Trade Organization (WTO), the international tribunal that enforces these agreements, has consistently undermined U.S. sovereignty. Most recently, the WTO warranted $1 billion in retaliatory tariffs on U.S. goods because of Country-of-Origin Labeling (COOL), a law that required fresh cuts of meat, nuts, fruits and veggies be labeled with the country they were produced in. More than 90 percent of consumers favored the law, and American producers were proud to label their products, but the WTO decision persuaded Congress to repeal the law.

- **TPP fails to address currency manipulation**, a major contributor to the U.S. trade deficit
- The USITC, which is typically overly optimistic about trade deals, estimates that over 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. Congress should oppose passage of the TPP.

What to Ask your Members of Congress to Do

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

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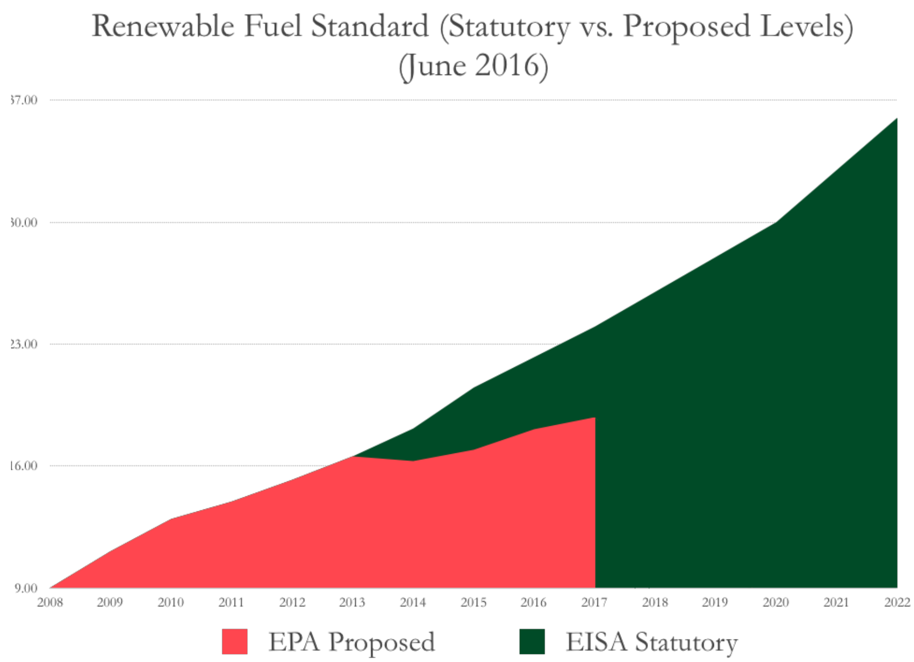
3. Renewable Fuel Standard

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.



The RFS also reduces foreign oil use and greenhouse gas emissions that come from the transportation sector, which makes 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 Members of Congress to Do

~ Oppose any legislative changes to the RFS
~ Urge the EPA to increase their proposed RFS blending targets to statutory levels

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4. Corporate Consolidation in Ag

Commodity prices are currently below the cost of production! The downturn in the farm economy has spurred a third wave of consolidation of agriculture input companies. Farmers and ranchers are the ones who bear the economic brunt of corporate consolidation, and they are now feeling the effects of incredibly consolidated industries on just about every aspect of their operation.

Consolidation in agriculture results in:

- **Increased costs for farmers and increased prices for consumers**
- **Less choice and competition**
- **Less innovation**
- **Consolidation of farmland and rural depopulation**

Seeds and chemicals - Six companies control a majority of the agricultural seeds and chemicals markets (see column to right), and that number is soon to shrink. Five of the six companies are currently in various stages of merger proposals, including Dow/DuPont, Bayer/Monsanto, and ChemChina/Syngenta.

Nutrients - Potash Corp. and Agrium are in talks of merging, which would consolidate a fertilizer industry that suffers from pricing transparency and charges American producers 1/3 more than those from other countries.

Meat processing - Competition is said to be lost when the four largest players in an industry control more than 40% of the market. Every major meat processing sector (see column to right) exceeds that threshold!

Equipment - John Deere's proposed acquisition of Precision Planting would dominate the market for high-speed precision planting systems, raising prices and slowing innovation for farmers who use these systems.

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 Members of Congress to Do

~ Hold hearings to examine corporate consolidation in agriculture