TALKING POINTS

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America's farmers are facing a perfect storm of challenges.

Last summer, the U.S. Department of Agriculture (USDA) announced a Market Facilitation Program (MFP) to provide aid to farmers negatively impacted by trade tariffs and ongoing trade uncertainty. The payment rate for corn farmers was just 1 cent per bushel.

A penny didn't cut it then and won't cut it now. Amid ongoing struggles, farmers need marketplace certainty to stay afloat.

Farm Economy: Farm incomes remain on a downward trend, leaving rural communities on edge.

- Net farm income is forecast to be about 20 percent lower than the 7-year average.
- Farmer incomes declined $11.8 billion in the first quarter of 2019.
- The season-average farm price for corn is projected at $3.30 per bushel, down 20 cents from 2018/19 and the lowest since 2006/07.
- As farm debts continue to rise, and assets remain stagnant, the farm sector's risk of insolvency is forecast to be at its highest level since 2002.

Trade: Trade disruptions and ongoing tariff escalation create uncertainty in the marketplace.

- Trade disputes have caused a loss of $0.44/bushel drop in price for the 2018 corn crop, amounting to a $6.3 billion loss to corn farmers.
- U.S. agricultural exports are currently forecast at $141.5 billion in fiscal year 2019, down $1.9 billion from 2018.
- Tariffs are a roadblock to passage of the U.S.-Mexico-Canada Agreement (USMCA) and stand in the way of pursuing new agreements
- Increasing the tariff rate on Chinese goods stands in the way of a good deal for U.S. agriculture. China is an important market for U.S. corn, particularly for DDGS and ethanol, with the potential for future growth.
- Every day of trade disruption destroys market access that has taken decades to build up and may never be recovered.

Ethanol: EPA waivers to oil refiners continue to chip away at farmers' bottom line by destroying demand for corn.

- Since early 2018, EPA has granted 53 RFS exemptions totaling 2.61 billion ethanol-equivalent gallons of renewable fuel. EPA currently has 40 additional waiver petitions pending.
- EPA has failed to use available tools to ensure RFS volumes are met when granting retroactive waivers, as well has failed to provide transparency for the waiver process or prevent unjustified waivers from going to large or unqualified refiners.
- The 2017 RFS waivers effectively reduced the 15 billion gallon implied ethanol volume to 13.18 billion gallons, rolling back the RFS to pre-2013 blending requirements. A 13.18 billion gallon RFS requires 636 million fewer bushels of corn than a 15 billion gallon RFS, valued at $2.1 billion to farmers.

- Instead of continued growth, actual ethanol consumption in 2018 declined for the first time in more than 20 years and was 276 million gallons less than EIA's pre-waiver projection.
- Ethanol prices have dropped to a 13-year low in order to maintain markets.
- Refinery waivers effectively hold ethanol blending at 10 percent, destroying demand for higher blends such as E15.

Weather: Extreme conditions outside of farmers' control have caused significant damage throughout the country.

- Recent flooding in the Midwest has caused catastrophic damage in rural areas, including $17.3 – $34.6 million in uninsured grain losses.
- Due to unusually heavy rainfall, less than half of the corn crop has been planted, compared to the five-year average of 66 percent.
- Legislation to address weather-related losses continues to languish in Congress.

Infrastructure: Crumbling infrastructure is making it harder for farmers to compete.

- Locks and dams along inland waterways, rural roads and bridges are crumbling due to a lack of investment.
- Modern transportation infrastructure historically gave farmers a higher price advantage over foreign competitors. The United States is quickly losing that edge.

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