Farmers Union: A Family Farm Organization

We envision…

A world in which farm families and their communities are respected, valued, and enjoy economic prosperity and social justice.

Our mission is to…

Advocate for family farmers and their communities through education, cooperation, and legislation.
Farm Economy in Crisis

**Commodity Prices Have Dropped**

~ 2019 Net Farm Income = $63.1 Billion  
~ 49% drop from 2013!

**Median Farm Income is Negative**

~ Median household farm income is projected to be **-$1,449 in 2019!**

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Note: F = forecast.  
Data as of March 6, 2019.
Land Values: A Double-Edged Sword

• Value of farm real estate assets accounts for over 83 percent of 2019 farm sector assets

• A decline in land value could create opportunities for beginning farmers to access land at affordable prices

Note: Farm real estate includes land and buildings. Data reflect values as of June 1 of each year. The annual GDP implicit price deflator is used to convert nominal values to 2018 U.S. dollars (Department of Commerce, Bureau of Economic Analysis). For 2018, the average of the first and second quarter price deflators is used. Data exclude Alaska and Hawaii. Source: USDA, Economic Research Service using annual National farm real estate data from USDA, National Agricultural Statistics Service, QuickStats.
Trouble Brewing?

Farm sector solvency ratios, 1970-2019F

Note: F = forecast.
Data as of March 6, 2019.
A Brief History of the Global Trade Order

1947
- General Agreement on Tariffs (GATT) and Trade is Signed

1947
- GATT goes into force

1949-73
- GATT expands to 102 countries

1986
- Uruguay Round of negotiation lays the groundwork for the World Trade Organization (WTO)
A Brief History of the Global Trade Order

1995
- WTO is created

Nov. 2001
- Talks begin on opening all markets to trade of manufactured and agricultural goods

Dec. 2001
- China joins the WTO, committing to open markets

2019
- The WTO reaches 164 member states
WTO: A Broken System?

**Problems addressing emerging issues:** WTO is consensus based - it can be held hostage by a single country.

**Dispute Settlement Body overreach:** DSP has created obligations or rights that were not contained in the WTO agreements.

**Admission of China:** China was allowed entry to the WTO under the condition that it would reform and transition to an open-market economy. China has never done this.

*May cease functioning in December.*
U.S. Trade Deficit


Sources: USDA Economic Research Service & Bureau of Economic Affairs
Disappearing Markets for U.S. Crops

China soybean imports, monthly, October 2017–March 2019

Million metric tons

- Tariff proposed
- Tariff took effect

Note: “Tariff” refers to China’s 25-percent retaliatory tariff on U.S. soybeans.

Source: ERS analysis of data from China General Administration of Customs website.
Trade War Accelerating a Trend

China soybean imports: Shares supplied by United States and Brazil, 1995–2019


Source: ERS analysis of China Customs data accessed from IHS-Glais Insight, Global Trade Atlas.
Diplomacy??

Trump says Germany ‘totally controlled’ by Russia in extraordinary tirade at start of Nato summit

Peter Navarro says ‘there’s a special place in hell’ for Justin Trudeau

Trump had heated exchange with Australian PM, talked ‘tough hombres’ with Mexican leader

Trump’s Feud With Europe Is Worse Than You Think

Trump Lobs Verbal Hand Grenade at Theresa May

TRUMP WON'T ENDORSE G-7 STATEMENT, SLAMS TRUDEAU AS 'WEAK'

“When Mexico sends its people, they’re not sending their best. They’re not sending you. They’re not sending you. They’re sending people that have lots of problems....They’re bringing drugs. They’re bringing crime. They’re rapists, and some, I assume, are good people.”

Trump has declared a trade war against the whole world
An Uncertain Future for U.S. Farmers

Impacts of the current trade disputes will last years
• Market Facilitation Program (MFP) provides short-term relief but
  • Confusing rollout
  • Disparities in payments county-to-county
  • Provides no mechanism to address oversupply

Farmers need long-term predictability
• Do we need to rethink farm policy?
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