

# Managing Risk & Uncertainty: An Outlook on the Farm Economy

*August 5, 2019*

ASA Symposium | Asheville, NC





# Farmers Union: A Family Farm Organization

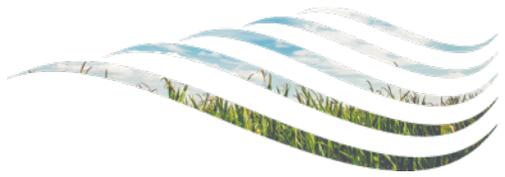
## We envision...

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

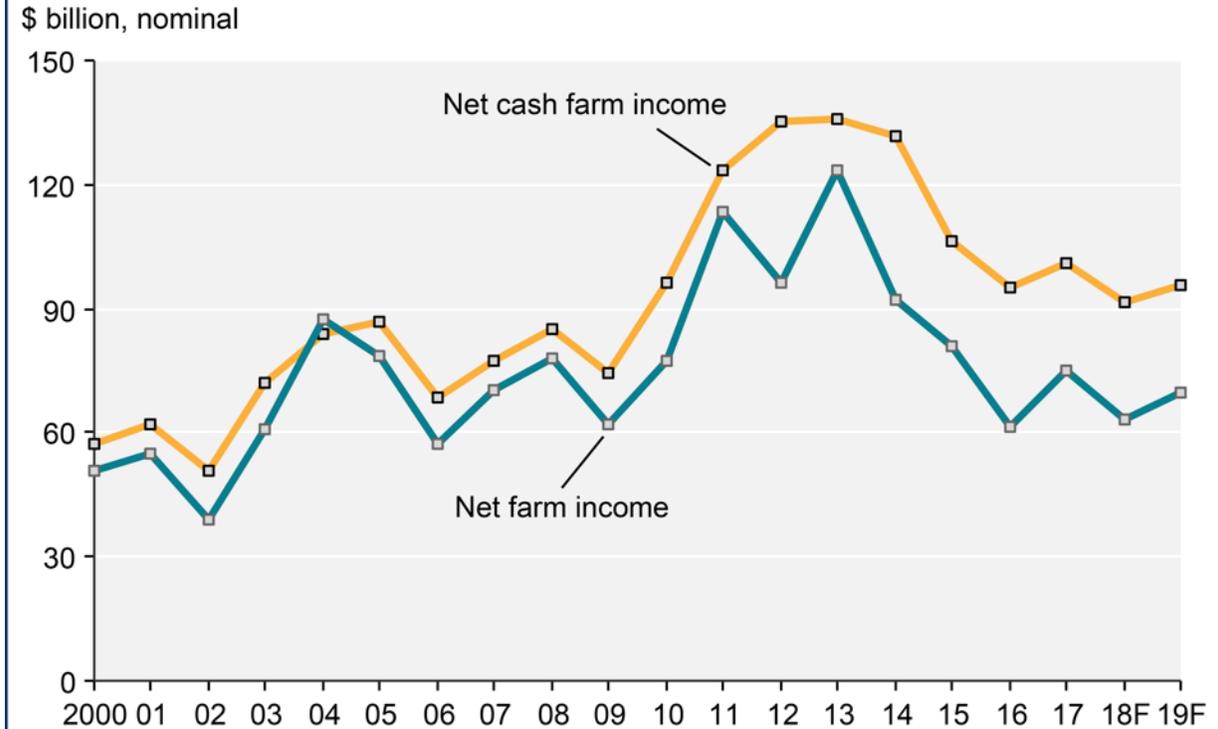
## Commodity Prices Have Dropped

~ 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!**

Net farm income and net cash farm income, 2000-19F



Note: F = forecast.

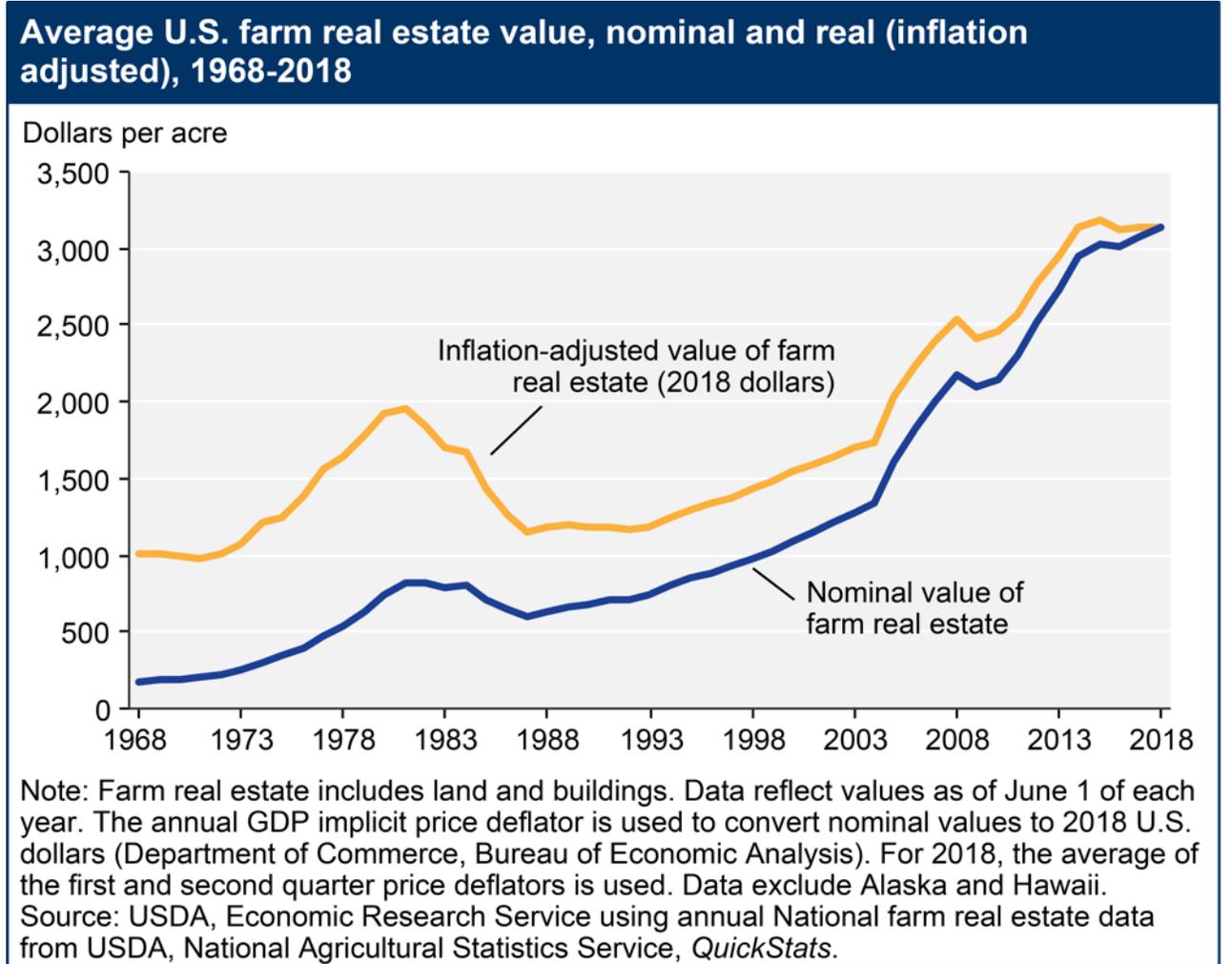
Source: USDA, Economic Research Service, Farm Income and Wealth Statistics.

Data as of March 6, 2019.



# Land Values: A Double-Edged Sword

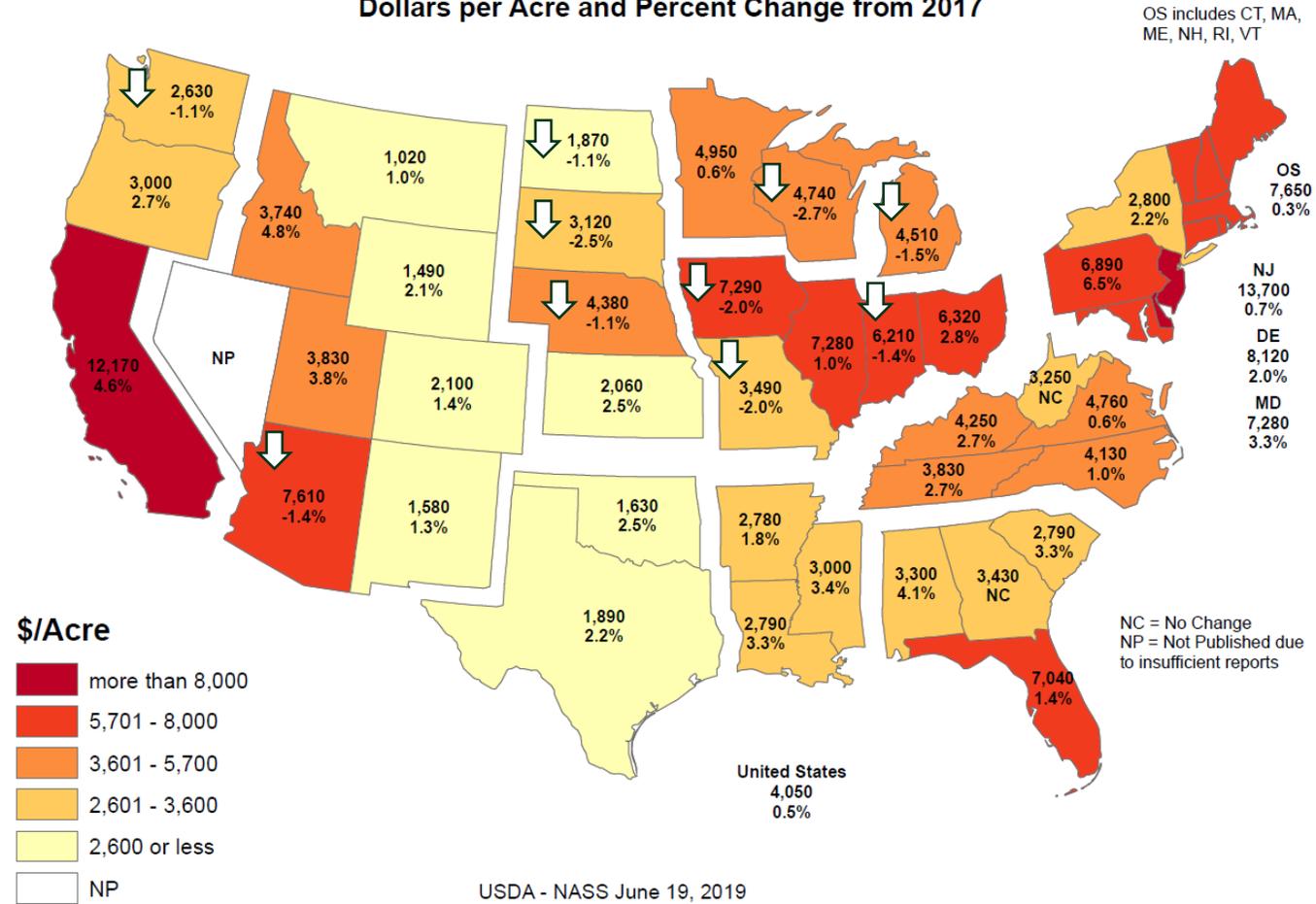
- Value of farm real estate assets accounts for over 83 percent of 2019 farm sector assets
- A decline in land value could create opportunities for beginning farmers to access land at affordable prices





# Land Values Holding

## 2018 Cropland Value by State Dollars per Acre and Percent Change from 2017

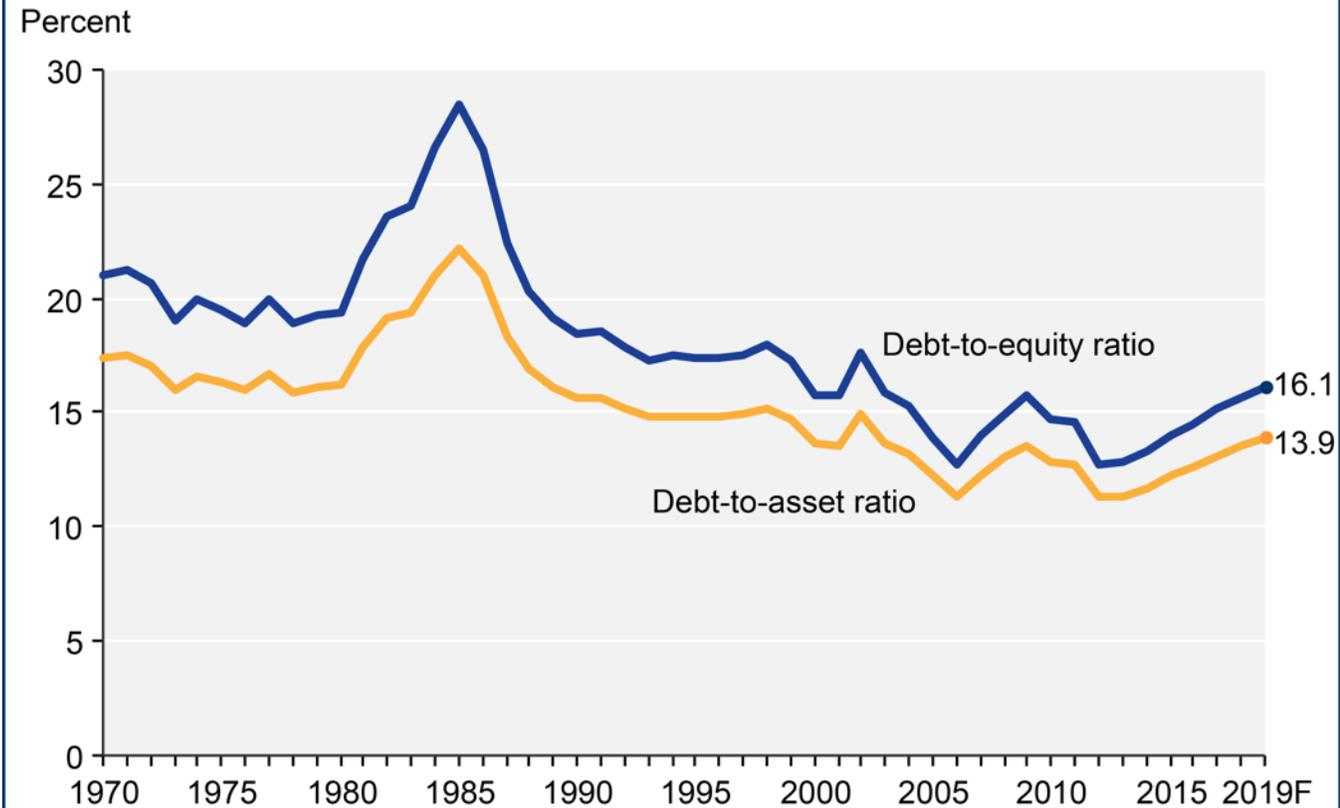


USDA - NASS June 19, 2019



# Trouble Brewing?

Farm sector solvency ratios, 1970-2019F



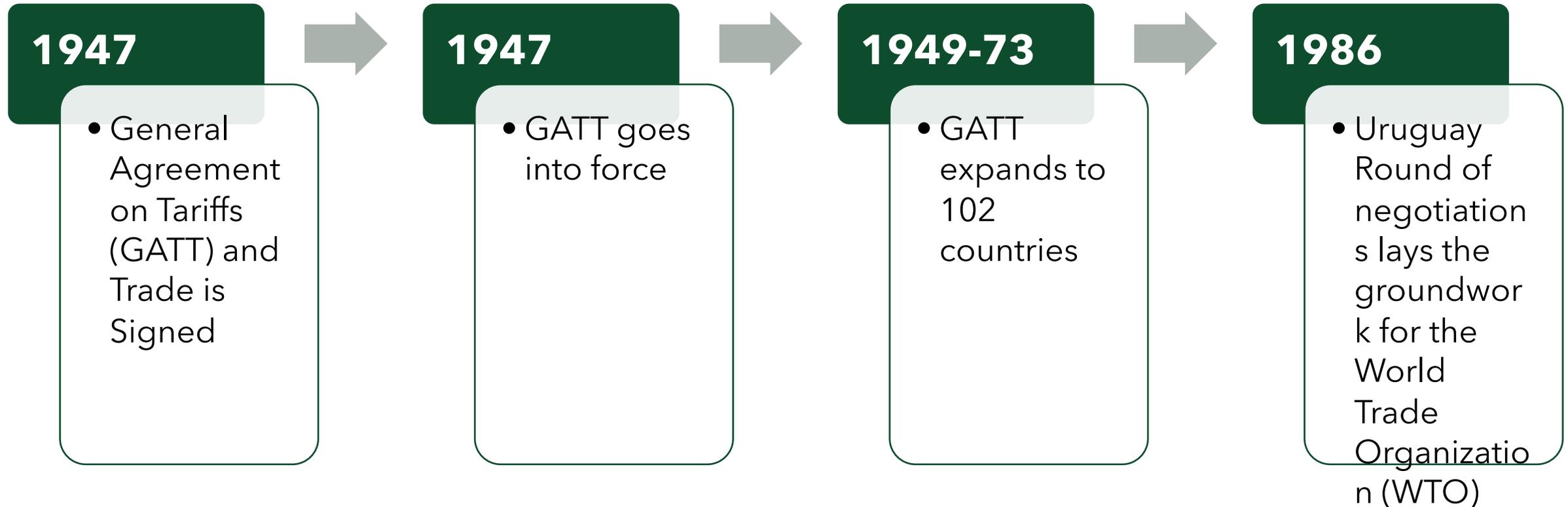
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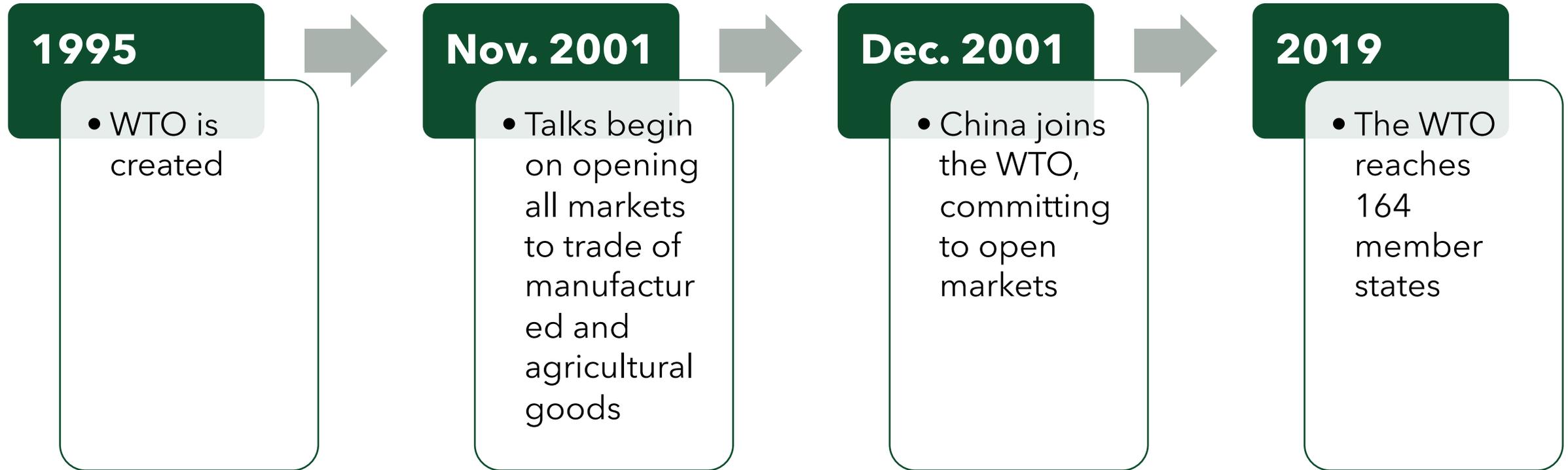


# A Brief History of the Global Trade Order





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# WTO: A Broken System?

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**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.

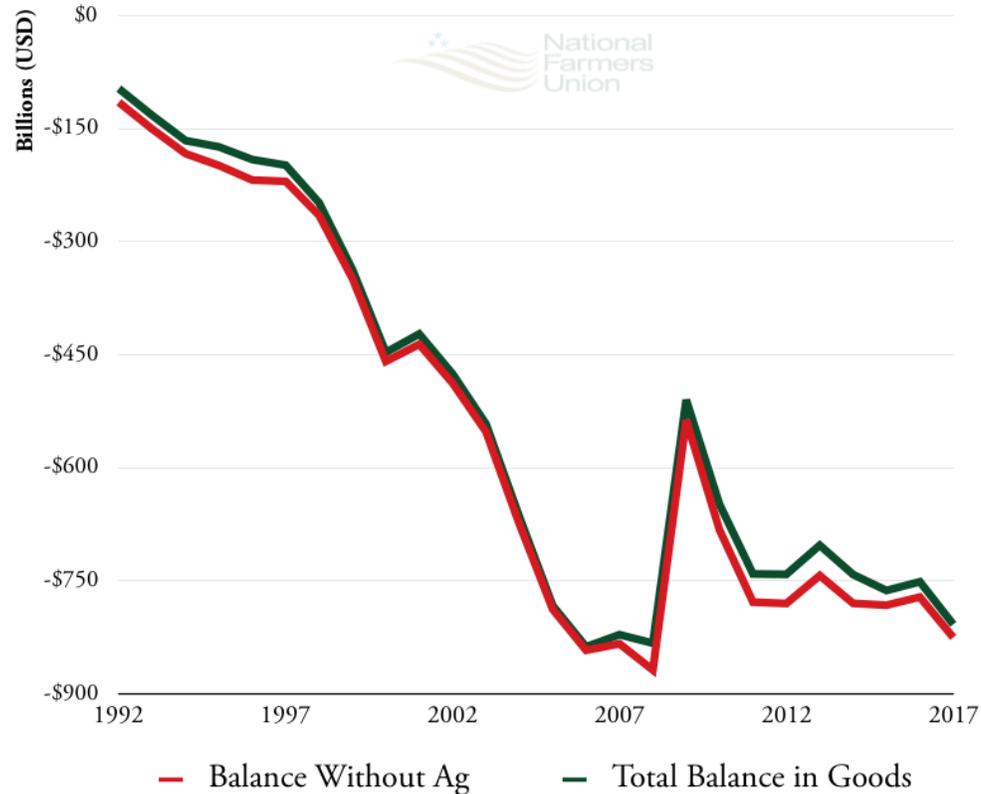
**Admission of China:** China was allowed entry to the WTO under the condition that it would reform and transition to an open-market economy. China has never done this.

***May cease functioning in December.***



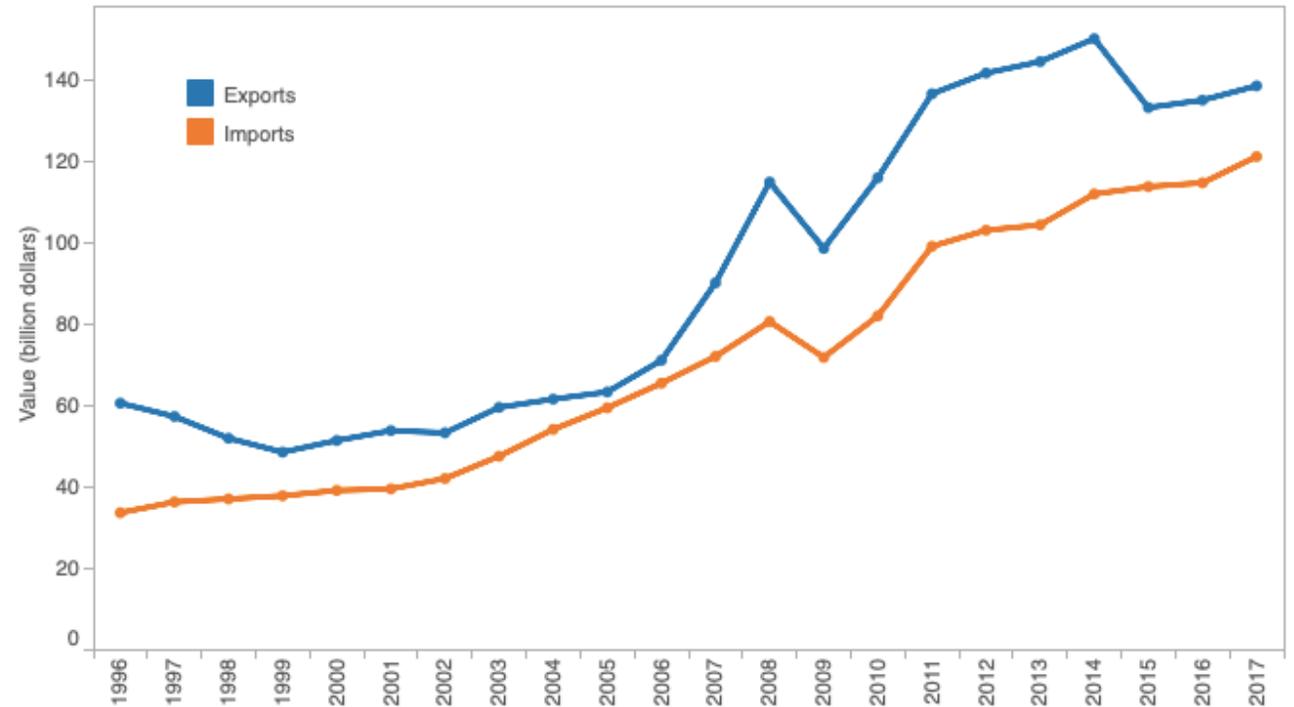
# U.S. Trade Deficit

## U.S. Trade Balance in Goods (1992-2017)



Sources: USDA Economic Research Service & Bureau of Economic Affairs

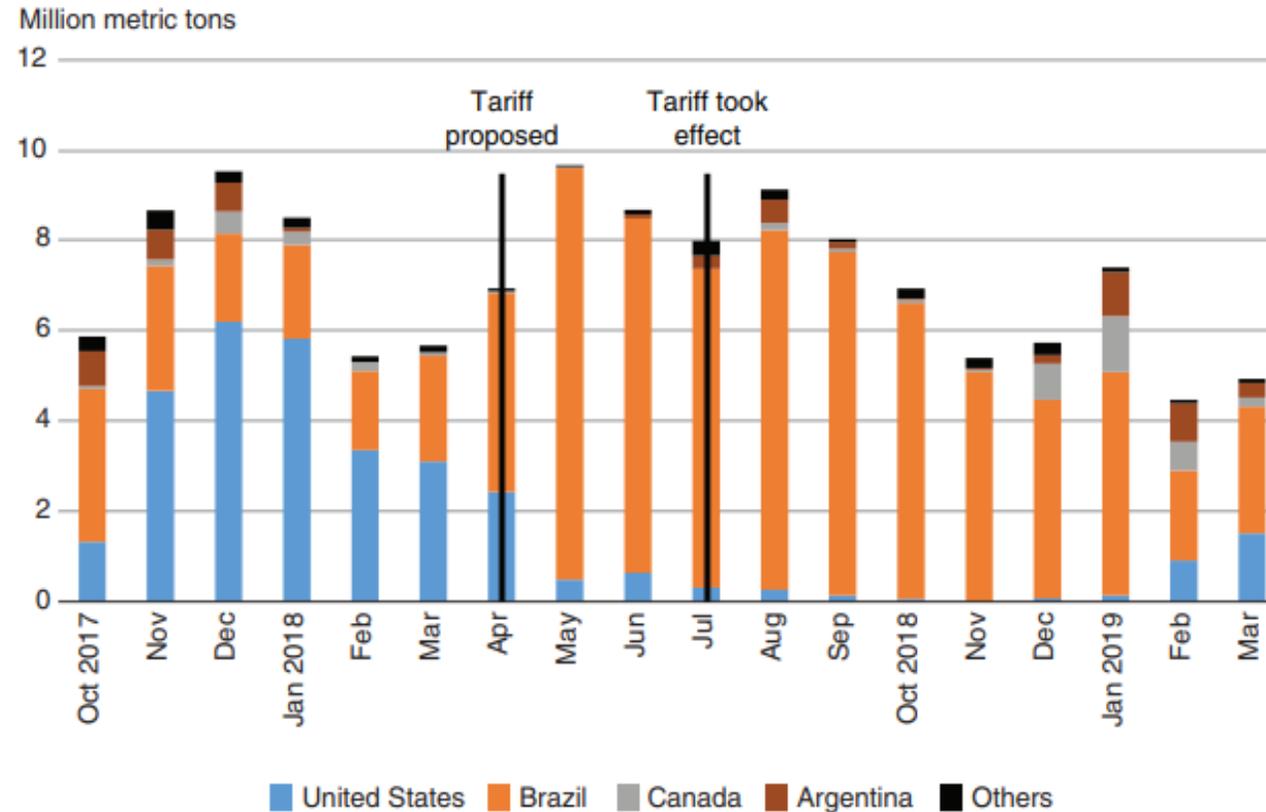
## U.S. agricultural trade imports and exports





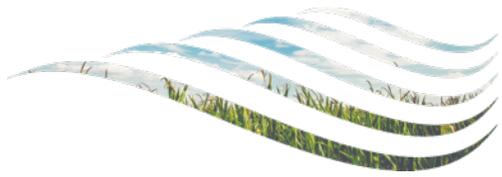
# Disappearing Markets for U.S. Crops

China soybean imports, monthly, October 2017–March 2019



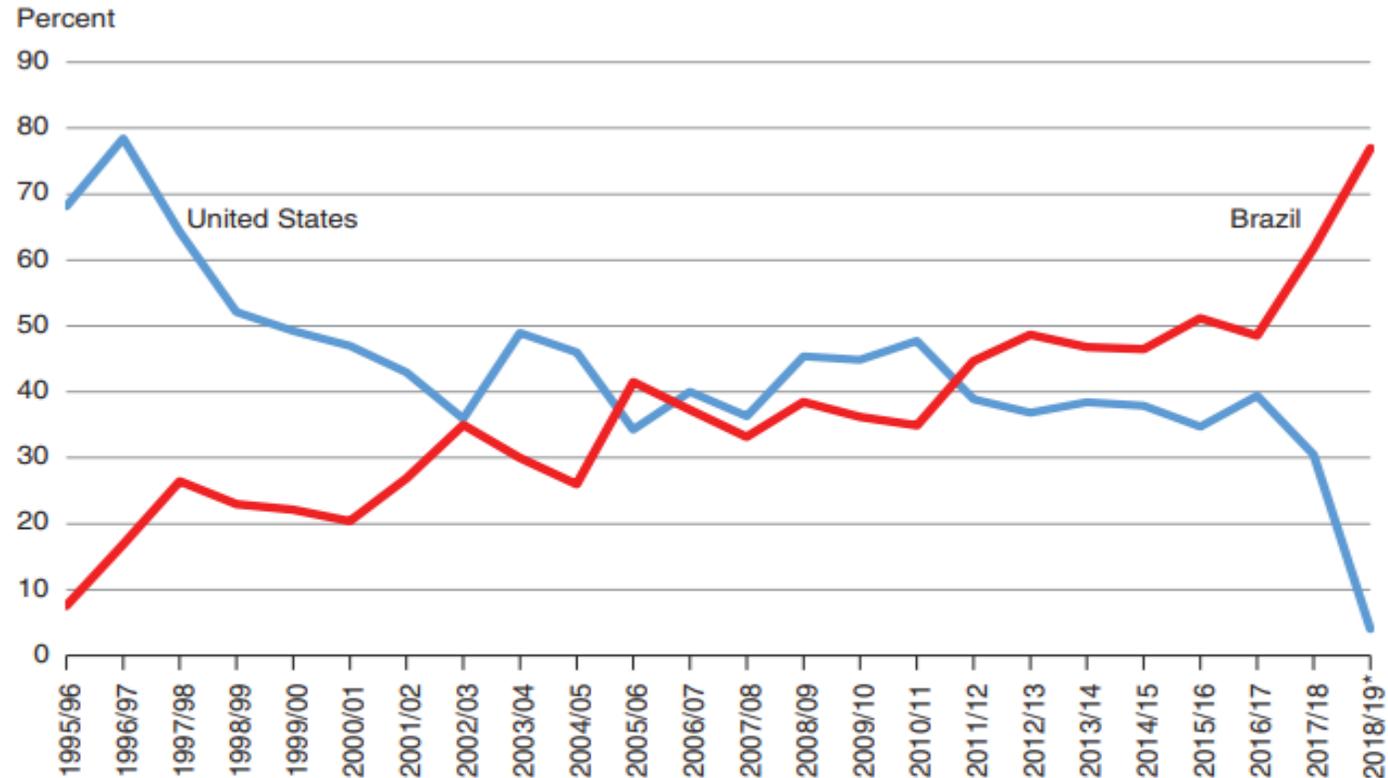
Note: "Tariff" refers to China's 25-percent retaliatory tariff on U.S. soybeans.

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



Note: Chart shows share of soybean imports arriving in China during China's October–September market year.

\*2018/19 data for October 2018–February 2019.

Source: ERS analysis of China Customs data accessed from IHS-Global 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

WASHINGTON AND THE WORLD

**Trump's Feud With Europe Is Worse Than You Think**

**Trump Lobs Verbal Hand Grenade at Theresa May**

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

Trump has declared a trade war against the whole world



Donald J. Trump   
@realDonaldTrump



When will the U.S. stop sending \$'s to our enemies, i.e. Mexico and others.

3:24 PM - Jul 10, 2014

 881  1,804 people are talking about this





# An Uncertain Future for U.S. Farmers

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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?



# Stay Connected

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National Farmers Union



NFUDC



[nationalfarmersunion](https://www.instagram.com/nationalfarmersunion)

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