

WHAT'S HAPPENING IN...



WASHINGTON



JIM WIESEMEYER 2023

# CROSSROADS

*Some key decisions ahead*



# GLOBAL RISKS

## *MULTIPLE DOWNSIDE RISKS*

**Financial stress**

**Geopolitical stress**

**Climate-related disasters**

**Further monetary  
tightening**

**Energy and food  
insecurity**

**Weaker long-term growth  
prospects**

**Persistent high inflation**

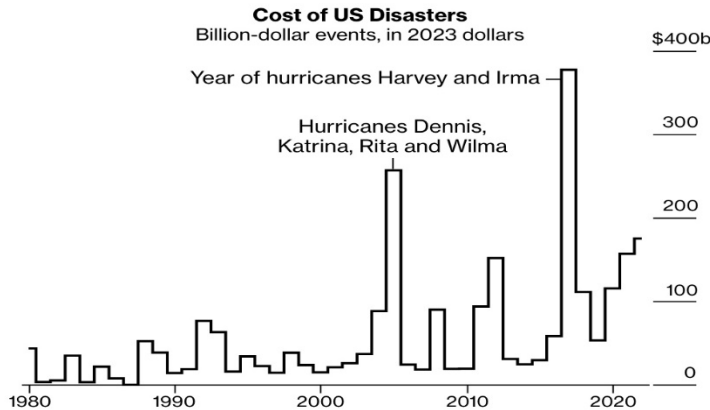
**Social tensions**

**Fragmentation of global  
economic networks**



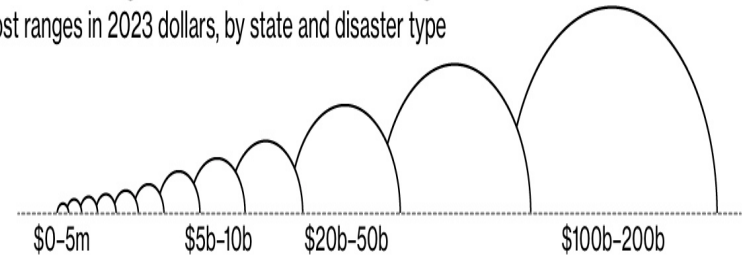
# Billion-Dollar Disasters

- **1980:** U.S. losses from three natural disasters (drought, flood and hurricane) topped \$1 bil. each (2023 dollars). Source: Bloomberg
- **2022:** 18 \$1 billion-plus events, including Hurricane Ian (\$114 bil. damage)



## Cost of US Disasters Since 1980

For events costing more than \$1 billion in total damages.  
Cost ranges in 2023 dollars, by state and disaster type



THE  
FOURTH  
TURNING  
IS HERE

READ  
BY THE  
AUTHOR

WHAT THE SEASONS OF HISTORY  
TELL US ABOUT HOW AND WHEN  
THIS CRISIS WILL END

NEIL HOWE

Bestselling coauthor of *THE FOURTH TURNING*

# The Future

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- **U.S. farms going to get bigger at accelerated pace...** means an even bigger need for financing, risk management & effective farmer safety net.
- **Farms consolidating globally.** Study projects number of farms globally will shrink in half as size of existing farms doubles by end of 21st century.

# BIDEN TRADE POLICY

*Pushing new approach...*

- **Biden administration continues to tout worker-focused trade policy**
  - *Tackling non-tariff barriers, which can be more significant hurdles than tariffs*
  - *Expanding U.S. market access to foreign markets is no longer goal of trade agreements under Biden administration — sharp break from past administrations of both parties who focused on eliminating tariffs on U.S. exports.*
- **Enforcement actions** under USMCA watched closely... Canada & Mexico
- **Ag sector uneasy** about lack of new FTAs, market access
- **China:** Phase 1 of U.S./China trade agreement under Section 301 review
- **China:** Former USTR Bob Lighthizer's comments on trade with China

**Robert Lighthizer**  
**No Trade**  
**Is Free**

**Changing Course,  
Taking on China,  
and Helping  
America's  
Workers**



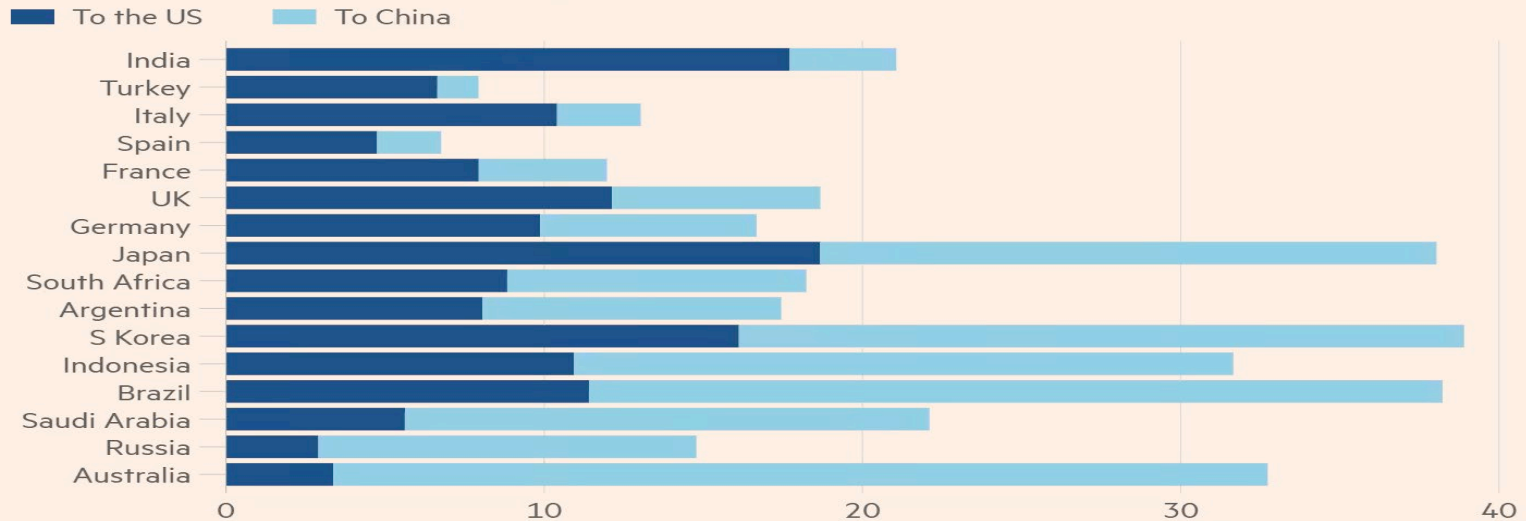


# TRADE POLICY

## *Importance of China*

For many countries, China is a hugely important trading partner

Selected G20 countries' share of exports to the US and to China, 2022 (%)



Ranked by relative proportions US/China

Sources: IMF, FT calculations

# Which Countries Are Net Exporters & Importers?

Selected countries by positive/negative current account balance in 2022\* (in billion U.S. dollars)

## Net exporters



## Net importers



\* net trade in goods and services (exports minus imports)  
plus net earnings and net transfer payments

Source: World Bank

# The Biggest U.S. Importers and Exporters

Companies shipping the largest merchandise volume from and to the U.S. in 2022 (in TEU\*)



\* 1 TEU (twenty-foot equivalent unit) equals one standard 20-foot-long shipping container (8 feet wide and 8 feet high)

Source: JOC



# DEBT LIMIT/ BUDGET REFORM

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- **Signal to appropriators: Get your work done...**

If a CR is in effect on or after Jan. 1, 2024, discretionary spending limits for FY 2024 reduced to be 1% less than FY 2023 base funding amounts.

Similar requirements if CR in effect on or after Jan. 1, 2025.

Will not take effect until April 2024.

*Means potential for some amendments in the House that if passed could be negative for some farm programs. But the Senate would not likely agree.*

# Amendments/Bills: Positive

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- **Prohibit funding for regulating or requiring farmers to disclose scope 3 emissions** under “The Enhancement and Standardization of Climate-Related Disclosures for Investors.”
- Increase funding for **National Animal Health Laboratory Network**.
- Increase payments under **Livestock Indemnity Program**.
- Ensure **all types of milk available to school children**.

# Amendments/Bills: Negative

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- Prohibit funding of **commodity checkoff programs**... but not garnering much support.
- Three separate amendments are aimed at gutting **U.S. sugar policy** and offshoring U.S. production and processing.
- Eliminating or significantly reducing **funding for U.S. food aid programs**.
- **Lower pay limits and further restrict farm labor requirements** that diminish active personal management.

# FARM BILL

— *New bill, old issues...*

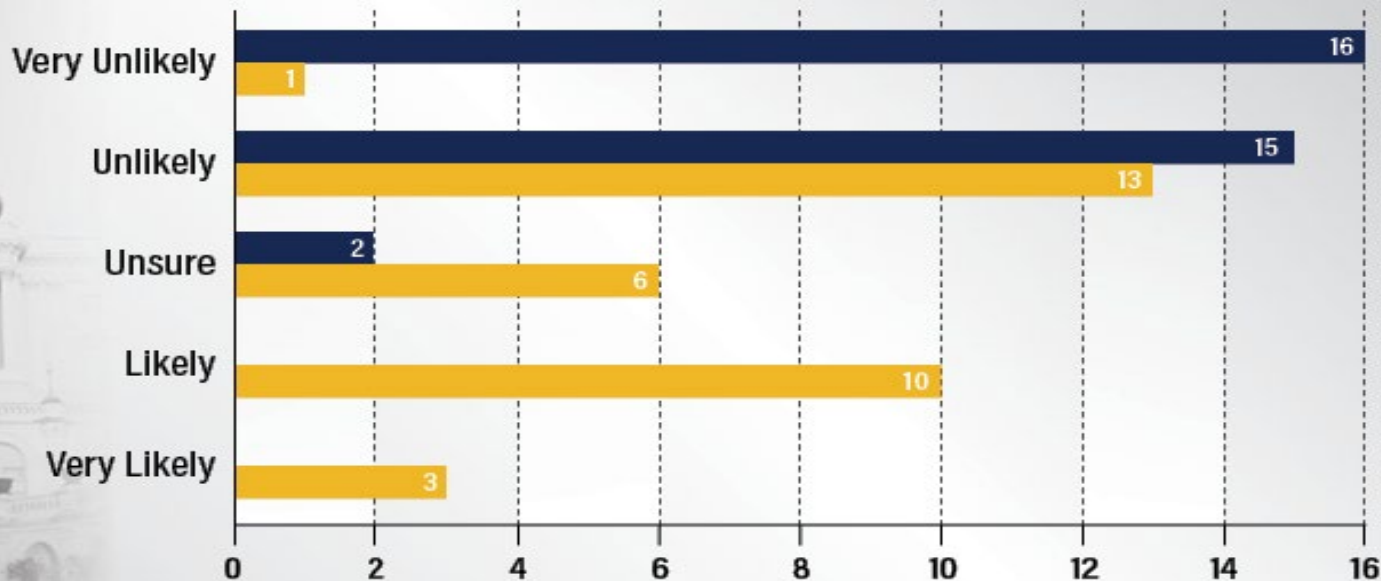
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- **Next bill** is 19<sup>th</sup> farm bill
- **Timing:** Murky... Extension? Impact of appropriations
  - SNAP
  - When Congress returns
  - Floor schedule
  - Few think end-of-Sept. timeline; end-of-year possible, but...
- **Funding:** If Title I can't be reformed, better to just extend current farm bill?
  - Stabenow: no new money will be found for farm bill, but Thompson more upbeat
  - Thompson eyeing claiming offsets outside FB... finding "efficiencies"
  - Boozman's view: \$1.5T authorization and some of it needs to go to farmers
  - Conservation funding... Climate programs... CRP

# Timing of the 2023 Farm Bill

Indicate your opinion on the likelihood of a farm bill being written by:

October 1, 2023      January 1, 2024





# FARM BILL

*— Push to boost reference prices, base acre update face hurdles*

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- **House Ag leaders mulling reference prices** using relative input costs  
G.T. Thompson: Higher reference prices “a heavier lift.”
- **Has been done in other farm bills**, but needs updating
- **Rep. Austin Scott (R-Ga.)**: “Commodities that require more input costs probably are the ones that need the reference price [increase] the most.”
- **Corn, soybeans, and wheat** account for 85% of base acres nationwide, means these crops will greatly impact spending in Title I.
- **Base acres... updated?** Voluntary? Mandatory? Farmers without base

# FARM BILL

— *Why updating base should be voluntary, not mandatory*

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- **First, it pushes base into soybeans** which has a reference price so out of the money that it is the most expensive to make relevant.
- **Second,** it creates winners and losers *among* states.
- **Third,** it creates winner and losers *within* states.
- **Fourth, it violates the core tenant of planting flexibility** farmers were promised.
- **A *voluntary* update makes sense.** If there is a need to expand base to address inequities or needs, great... farmers without base.

# FARM BILL PLAYERS

— *Congress writes the farm bill...*

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- **Sen. Stabenow's final farm bill:** Will want to finish for her last legacy victory
- **Rep. Thompson, Sen. Boozman:** Protect, expand CI, improve Title I pgms.
- **USDA's Vilsack trying to play a role,** but focus on advice, implementation
- **White House via Office of Management & Budget (OMB)**

# FARM BILL: Other Players

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- **Rep. Frank Lucas (R-Okla.):** Former House Ag chairman
- **Congressional leadership:** McCarthy (R-Calif.) & Jeffries (D-N.Y.)  
*Both friends of agriculture*
- **Congressional Budget Office (CBO):** Official scorer
- **Farm groups:** State groups more important to some lawmakers
- **Consultants**
- **Universities**

# FARM BILL: Other funding issues

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- **Commodity Credit Corporation (CCC):** GOP senators want guard rails
- **Appropriations bills:** Mini farm bills; disaster aid
- **Cuts:** Budget cuts | Across-the-board | Pay-Go... Eventual cuts ahead  
In June, CBO projected annual net interest costs would total \$663 billion in 2023 and almost double over the upcoming decade, soaring from \$745 billion in 2024 to \$1.4 trillion in 2033 and summing to \$10.6 trillion over that period.
- **Key language:** “Such sums as necessary”

# NEXT FARM BILL: Sugar

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- **Watch program naysayers** via amendments
- **Sugar farmers faced same rise in input costs** as all other farmers but may not have shared in as steep a price increase.
- **Don't be bashful about seeking to strengthen safety net.** If you have numbers to back up your ask, ask. If you don't ask you don't get. Every other farm group is asking for a stronger safety net. You should too.

# FARM BILL: Food & Nutrition

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- **Permanent legislation:** Not impacted by farm bill deadline
- **SNAP:** Funding | Worker requirements
- **Other food & nutrition programs:** WIC... bipartisan support

# NEXT FARM BILL: Other issues

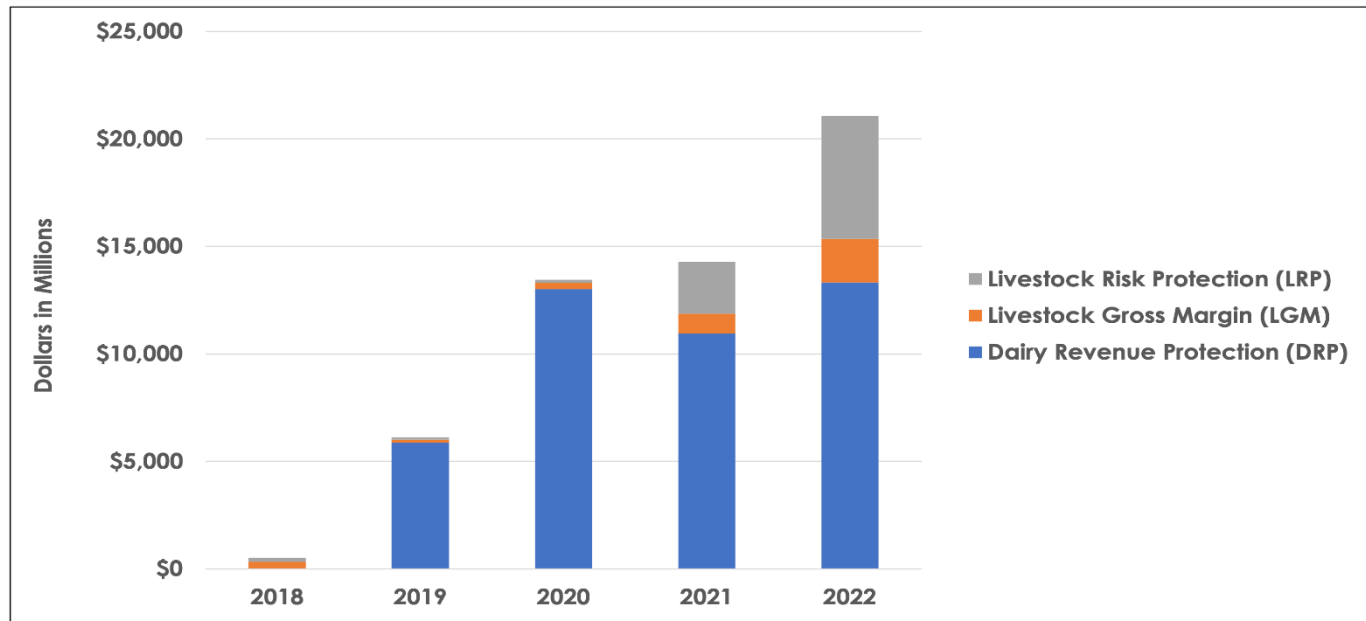
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- **Pay caps... limits... actively engaged**
- **Pilot programs:** Crop insurance authority to run pilot programs... unique to crop insurance and not true generally
- **Discretionary authority**



# NEXT FARM BILL: Other issues

- Crop insurance vs ad hoc disaster aid... permanent disaster aid?
- Specialty crops
- Livestock



# NEXT FARM BILL: Other issues

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- **Climate-smart programs:** Billions in funding already available... implementation key
  - \$3.1 billion Partnerships for Climate-Smart Commodities program
  - Nearly \$20 billion for carbon sequestration in Inflation Reduction Act (until 9/30/31)  
*USDA under increased pressure to quickly use the IRA money*
- **Dairy policy:** Support program getting better... differences in industry  
Regional issues | Production history | Small, medium, large size operations

# NEXT FARM BILL: Other issues

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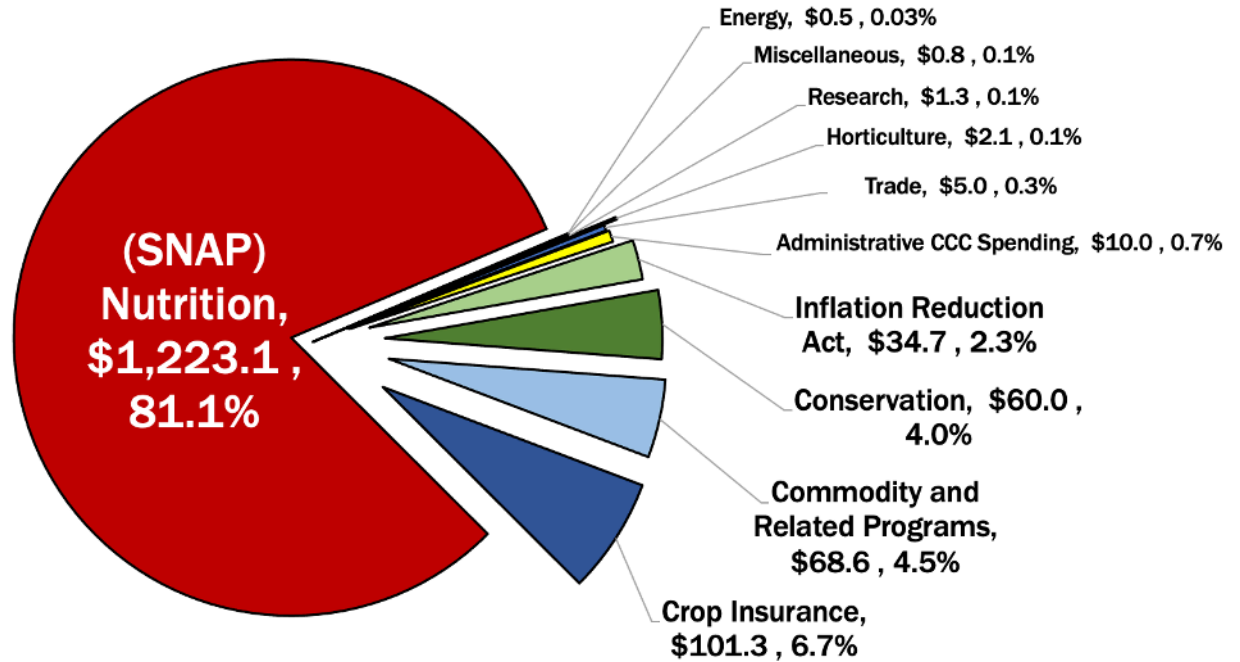
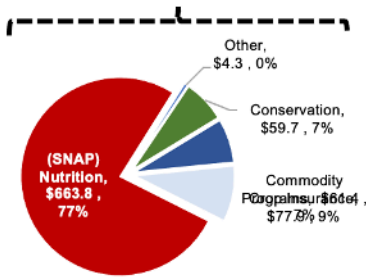
- **Energy programs**
- **Trade programs:** Food aid, MAP, FMD
- **Horticulture**
- **Forestry**

# The 2023 Farm Bill Scoring Baseline\*

Billion Dollars, Fiscal Year 2024 to 2033, Total Spending \$1.51 Trillion

**\$867B**

Estimated Cost of 2018 Farm Bill  
At Enactment



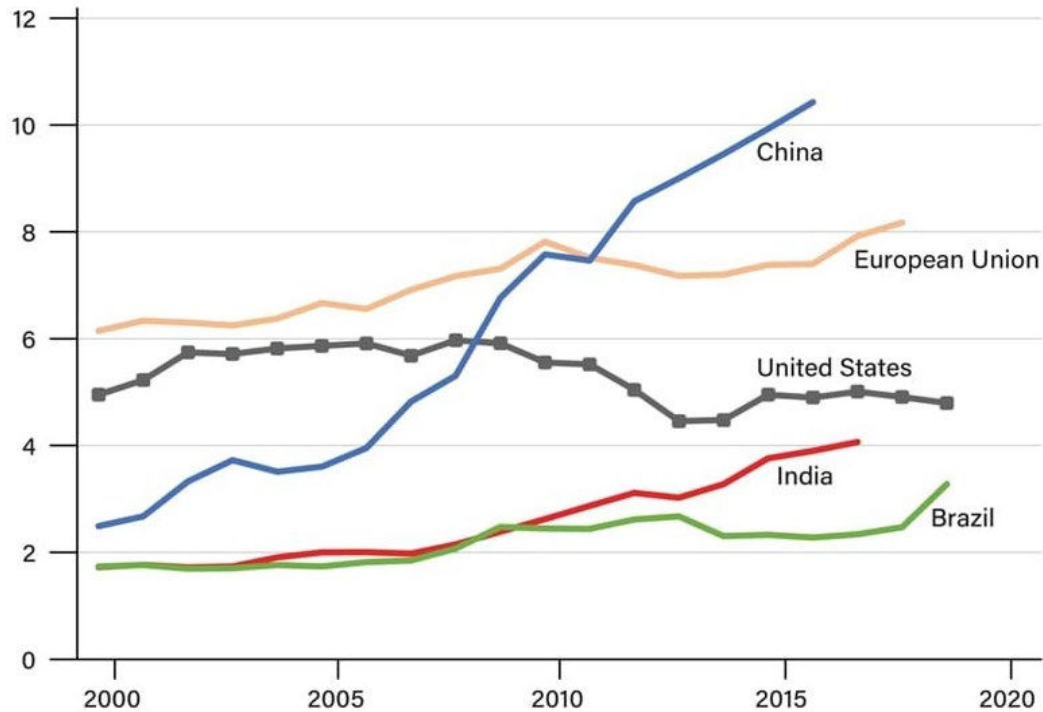
Senate Ag Committee Republicans

Senate Ag GOP Analysis, Congressional Budget Office May 2023 Baseline, Congressional Research Service

\*Includes Inflation Reduction Act Outlays

## Investment in public agricultural research and development, 2000-19

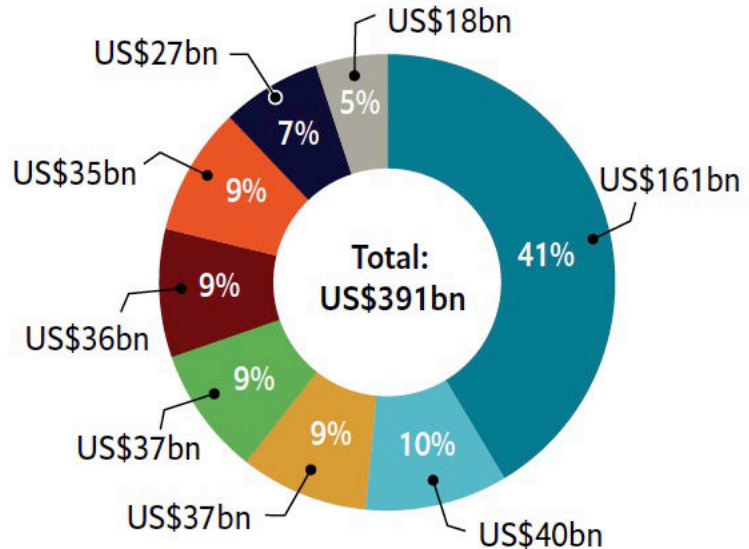
Inflation-adjusted 2015 U.S. dollars, billions



# ENERGY/Climate Bill

**The Inflation Reduction Act will provide billions in new spending**

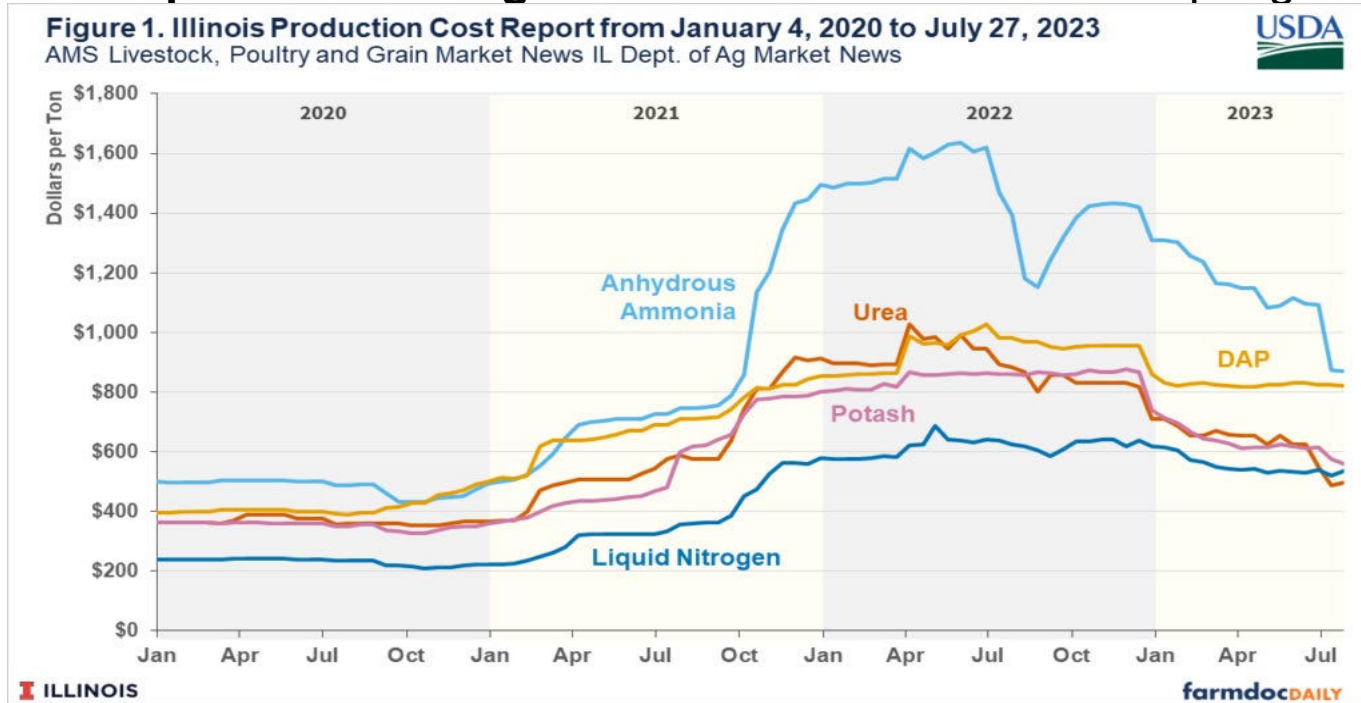
- Clean electricity tax credits
- Air pollution, hazardous materials, transportation and infrastructure
- Individual clean energy incentives
- Clean manufacturing tax credits
- Clean fuel and vehicle tax credits
- Conservation, rural development, forestry
- Building efficiency, electrification, transmission, industrial, Department of Energy grants and loans
- Other energy and climate spending



Sources: Congressional Budget Office; Inside Climate News; EIU.

# ENERGY

## ☐ Fertilizer prices declining: Down 45% to 60% from last spring



# ENERGY

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- ❑ **Gas prices rising:** Impact from OPEC+ production cuts
- ❑ **Electric vehicles:** Tailpipe emission rules designed to boost EV sales
- ❑ **Year-round E15?** EPA announced emergency summer E15 for 2023



# ENERGY: SAF

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## □ Sustainable Aviation Fuel (SAF): Potential game-changer...

- In effect for SAF sold from Dec. 31, 2022, through Dec. 31, 2024.
- Credit is \$1.25-per-gallon of SAF in a qualified mixture, plus applicable supplementary amount equal to 1 cent for each percentage point the fuel reduces lifecycle greenhouse gas emissions by more than 50% vs regular jet fuel, with a maximum of 50 cents.
- Could mean possible credit would be \$1.75 per gallon for SAF.
- Debate about role of ethanol in qualifying for SAF tax credits.
- Ethanol proponents: without this fuel, can't deliver on objective of providing at least 3 bil. gallons of SAF per year to aviation industry.
- Contention around model used to calculate carbon offsets for the fuel.

# ENERGY: Clean fuel production credit

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- ❑ **45z** = a technology-neutral clean fuel production credit.
  - Applies to fuels produced after 2024 and sold before 2028.
  - Replaces other renewable fuel credits
  - Structure of the credit will be key

# RFS

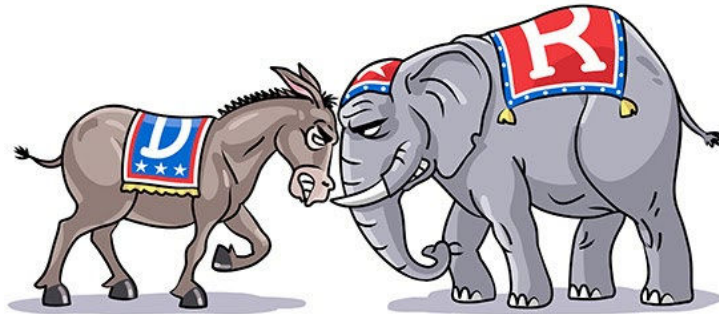
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- ❑ **Mandate** levels set for 2023, 2024 and 2025
- ❑ **Biodiesel/renewable diesel backers** think proposed levels too low
- ❑ **EPA required to set 2026 RFS levels by October 2024**
- ❑ **Watch is on for eRIN plan** after removed from RFS final rule for 2023-2025
- ❑ **EPA continues to deny SREs** — rejected 26 requests from 15 companies
- ❑ **Some small refiners to take EPA to court** over SRE rejections

# OTHER ISSUES

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- ❑ **SCOTUS on WOTUS: Waters of the U.S. rule**  
*Limits what acreage qualifies as WOTUS*
- ❑ **SCOTUS on Calif. Prop 12: Major changes for U.S. hog sector**  
*Key implementation and compliance questions*  
*Other states: Massachusetts Question 3*  
*G.T. Thompson: Address issue in farm bill*
- ❑ **Restrictions on foreign ownership of U.S. farmland**  
*Will Congress go too far?*





## House Elections

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- **Current ratio: GOP 222  
DEM 213**
- **Wasserman:** *“It's really a game of inches. I give Republicans an ever-so-slight advantage, but a lot depends on the resolution of the Allen v. Milligan SCOTUS decision in lower courts and whether NY Dems get to gerrymander. At this point my median outcome is no net change.”*



## Senate Elections

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- **Dems defending 23 states**, three in states won by Trump in 2016 and 2020, and three states that swung between Trump and President Biden.
- **Republicans are defending just 11 seats...** all of them in solidly GOP states that twice voted for Trump.
- **GOP focusing on:**
  - **First tier:** Montana, West Virginia, Ohio and Pennsylvania
  - **Second tier:** Wisconsin and Nevada



# Senate Elections

2024 Senate Ratings	
<b>Toss-Up</b>	
Brown (D-Ohio)	Tester (D-Mont.)
Sinema (I-Ariz.)	
<b>Tilt Democratic</b>	<b>Tilt Republican</b>
Casey (D-Penn.)	<i>Manchin (D-W.V.)</i>
Rosen (D-Nev.)	
<b>Lean Democratic</b>	<b>Lean Republican</b>
MI Open (Stabenow, D)	
Baldwin (D-Wis.)	
<b>Likely Democratic</b>	<b>Likely Republican</b>
	Cruz (R-Texas)
<b>Solid Democratic</b>	<b>Solid Republican</b>
CA Open (Feinstein, D)	IN Open (Braun, R)
DE Open (Carper, D)	Barrasso (R-Wyo.)
MD Open (Cardin, D)	Blackburn (R-Tenn.)
Cantwell (D-Wash.)	Cramer (R-N.D.)
Gillibrand (D-N.Y.)	Fischer (R-Neb.)
Heinrich (D-N.M.)	Hawley (R-Mo.)
Hirono (D-Hawaii)	Ricketts (R-Neb.)
Kaine (D-Va.)	Romney (R-Utah)
King (I-Maine)	Scott (R-Fla.)
Klobuchar (D, Minn.)	Wicker (R-Miss.)
Menendez (D-N.J.)	
Murphy (D-Conn.)	
Sander (I-Vt.)	
Warren (D-Mass.)	
Whitehouse (D-R.I.)	

*Takeovers in Italics, # moved benefiting Democrats, \* moved benefiting Republicans*

**Source: Inside Elections with Nathan L. Gonzales**





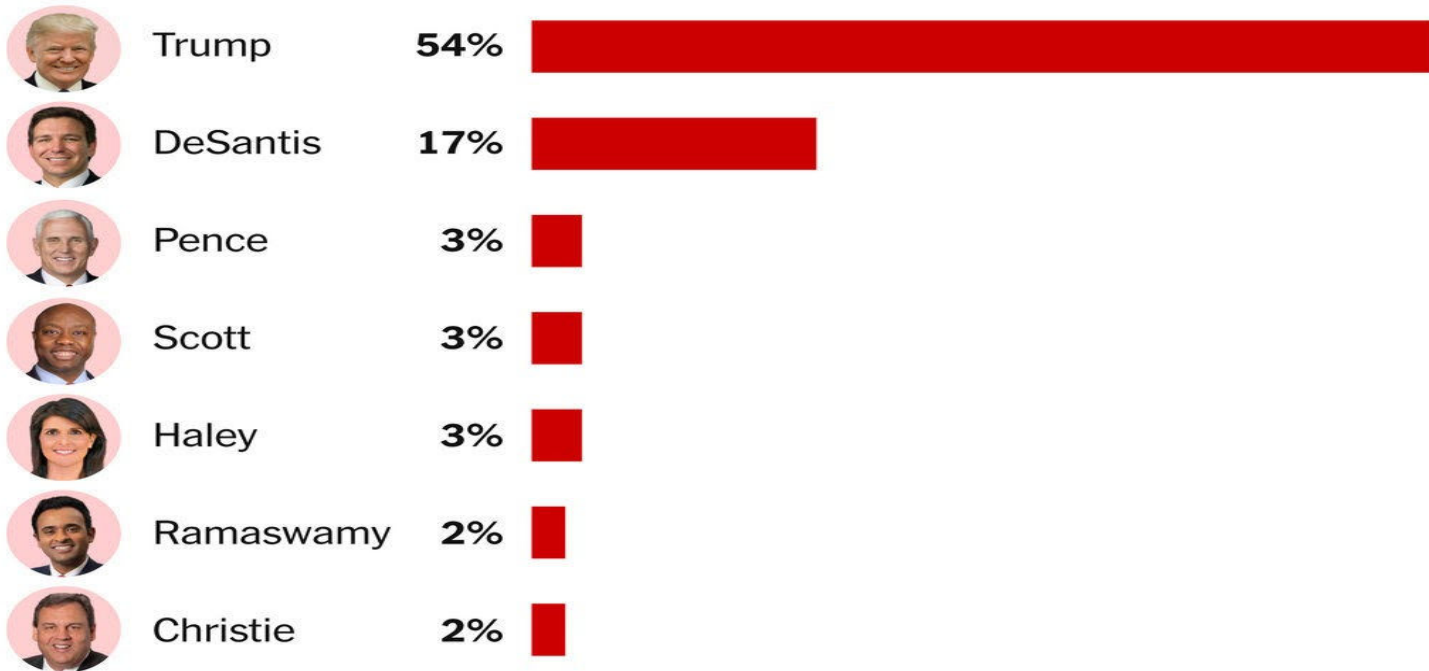
## 2024: President

- **President Biden:** Officially announces re-election in 3-minute taped message
  - **Will any other Dem challenge Biden besides Robert F. Kennedy Jr.?**  
*Speculation Kennedy may consider independent run to upend Biden*  
*What's up with Calif. Gov. Gavin Newsom?*
- **Former President Trump** ahead by 35+ points vs potential GOP candidates
  - **If Trump is candidate:** Will focus on Biden's age and VP Harris takeover
    - \* Can he claw back some independent, suburban women voters?
    - \* Trump will focus on expanding Hispanic, Black voters
  - **Biden's biggest hurdle:** *86 at end of a second term*
    - \* Will age be undoing? 70% of Americans (51% Dems) do not want him to run



# 2024: President... GOP nomination

## Republicans' Preferences for the 2024 G.O.P. Presidential Nominee





# 2024: President

## U.S. Presidents Born in the 20th Century

Age at the time of Key Events (Years)

	Birthdate	Start 1st Term	Start 2nd Term	End of Office	Current Age	Age at Death
<b>JFK</b>	29-May-1917	<b>43</b>				<b>46</b>
<b>LBJ</b>	27-Aug-1908	<b>55</b>	<b>56</b>	<b>60</b>		<b>64</b>
<b>Nixon</b>	9-Jan-1913	<b>56</b>	<b>60</b>	<b>61</b>		<b>81</b>
<b>Ford</b>	14-Jul-1913	<b>61</b>		<b>63</b>		<b>93</b>
<b>Carter</b>	1-Oct-1924	<b>52</b>		<b>56</b>	<b>98</b>	
<b>Reagan</b>	6-Feb-1911	<b>69</b>	<b>73</b>	<b>77</b>		<b>93</b>
<b>Bush - 41</b>	12-Jun-1924	<b>64</b>		<b>68</b>		<b>94</b>
<b>Clinton</b>	19-Aug-1946	<b>46</b>	<b>50</b>	<b>54</b>	<b>76</b>	
<b>Bush - 43</b>	6-Jul-1946	<b>54</b>	<b>58</b>	<b>62</b>	<b>76</b>	
<b>Obama</b>	4-Aug-1961	<b>47</b>	<b>51</b>	<b>55</b>	<b>61</b>	
<b>Trump</b>	14-Jun-1946	<b>70</b>	<b>78</b>	<b>74</b>	<b>76</b>	
<b>Biden</b>	20-Nov-1942	<b>78</b>	<b>82</b>		<b>80</b>	

*Hypothetical - If Biden or Trump Get Elected to a Second Term in 2024.*



## 2024: President

### White House to be decided in six key states

- Michigan | Pa. | Wis.
- Ga. | N.C. | Ariz.

***Fact:** Only one president, Grover Cleveland, has won a nonconsecutive second term.*





## 2024: Election impacts

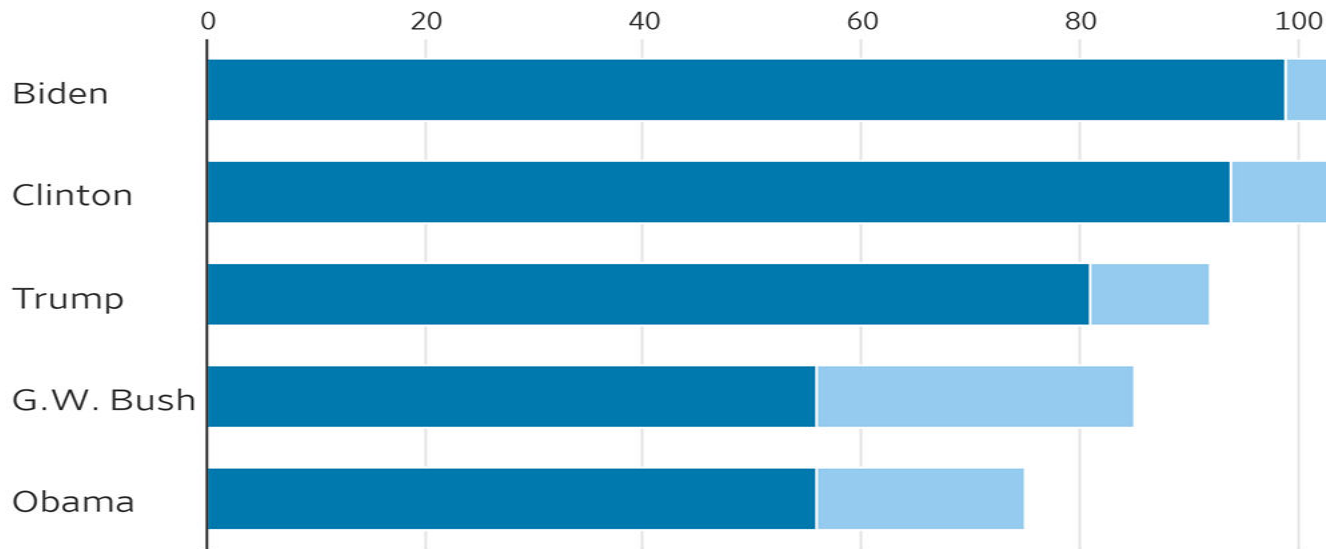
- **BIG impacts if either party wins everything:** House, Senate & White House
- **Continued stalemate** on many issues if split control, including:
  - Taxes... But most of Trump tax cuts expire in 2025
  - Spending
- **Sen. Amy Klobuchar** says if she wins re-election in 2024 and if Dems keep majority in Senate, she will be in line to chair Senate Ag Committee.  
*Next in line of succession is Sen. Sherrod Brown (D-Ohio), who said he has no plans to give up his plum spot on the Banking Committee.*

# EXECUTIVE ORDERS ACCLERATING

*How presidents deal with a divisive Congress*

Executive orders in president's first two years in office

■ Executive ■ Symbolic/administrative



Source: American Presidency Project

# WILD CARDS

— *Major market impacts if any occur...*

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- **China** 'deals' with Taiwan
- **Foot and mouth disease** found in U.S.
- **Bird flu** becomes endemic in U.S., Biden implements vaccine plan
- **Russia** expands its war
- **Another Covid-like epidemic**
- **AI dangers**

A photograph of the United States Capitol building in Washington, D.C., featuring its iconic white dome and neoclassical architecture. The building is partially obscured by green trees in the foreground. A semi-transparent blue gradient is applied over the top half of the image to serve as a background for the text.

**CONTACT INFORMATION:**

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**JIM WIESEMEYER**

Washington Policy Analyst, *Pro Farmer*

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**wiesemeyer@gmail.com**