

Trade Assistance Package in 2018

On August 27, 2018, USDA announced the details for the short-term tariff relief package. The trio of programs making up the relief package is authorized to utilize up to \$12 billion to reduce the impacts of trade disputes on U.S. agricultural producers. The three programs are the Market Facilitation Program, the Food Purchase and Distribution Program, and the Agricultural Trade Promotion Program. The Market Facilitation Program will provide direct financial support to corn, cotton, dairy, hog, sorghum, soybean, and wheat producers. The Food Purchase and Distribution Program will purchase commodities targeted in the trade disputes. The Agricultural Trade Promotion Program will provide additional resources to access and develop new international markets for U.S. products.

In the initial phase of this relief package, an estimated \$6.31 billion of the \$12 billion will be spent, with \$4.69 billion for the Market Facilitation Program, \$1.41 billion for the Food Purchase and Distribution Program, and \$200 million for the Agricultural Trade Promotion Program. The remaining funds could be utilized for a second round of support later this winter, likely in December. Sign-up for the various programs will begin on September 4, 2018.

For the Market Facilitation Program (MFP), the crop payments will be based on current 2018 production, so farmers must apply after harvest. Hog payments will be based on the number of owned live hogs, as of August 1, 2018. Dairy payments will be based on the historical production record for the Margin Protection Program for Dairy, established with the operation's highest annual milk production during 2011-2013. Dairy farms must have been operating on June 1st to receive a payment. In all cases, applicants must have an ownership interest, be actively engaged in farming, have an average adjusted gross income

(AGI) of less than \$900,000 for the 2014-2016 tax years, and have complied with regulations on highly erodible land and wetland conservation. The payment rates were determined by USDA, based on their estimates of trade disruptions for the individual commodities. For all commodities covered, the payments will be made on 50 percent of eligible production, with the potential for another round of payments for the remaining 50 percent later this winter. The table below shows the payment rates and the estimated total payments by commodity this round.

Table 1. Market Facilitation Program Payment Details

Commodity	Payment Rate	Estimated Total Payments
Corn	\$0.01 per bushel	\$96 million
Cotton	\$0.06 per pound	\$276.9 million
Dairy	\$0.12 per hundredweight	\$127.4 million
Pork	\$8.00 per head	\$290.3 million
Sorghum	\$0.86 per bushel	\$156.8 million
Soybeans	\$1.65 per bushel	\$3.63 billion
Wheat	\$0.14 per bushel	\$119.2 million

Given USDA's recent production estimates, Iowa producers stand to gain over \$550 million from MFP, with the lion's share going to pork and soybean producers. The MFP payments do have a \$125,000 cap per person or legal entity, but the cap works differently between crops and livestock. The cap for the crops is a combined one, summing producers' MFP payments from all five of the crops. The cap for the livestock products is separate from the crops, so diversified producers with both crop and livestock production can receive more than \$125,000 from the program. A second MFP payment is not guaranteed this winter. If the USDA determines that the trade disputes are still damaging U.S. commodity

markets this winter, they will compute another MFP payment rate, based on the damage estimates at that time, and apply that payment rate to the remaining 50 percent of production not covered by the initial payments.

The Food Purchase and Distribution Program will purchase a variety of products, from beef and pork to peanut butter and orange juice, that face trade disruptions. While USDA has outlined targeted values for individual commodities, the purchases will be adjusted to match estimates of economic damage from tariffs and will be spread out to match the purchases with needs in nutrition assistance programs. The purchased commodities will be used in the school lunch program, along with other food assistance and child nutrition programs. Targeted purchases include \$93 million of apples, \$15 million of beef, \$85 million of dairy products, \$559 million of pork, and \$2.4 million of sweet corn.

The \$200 million addition to the Agricultural Trade Promotion Program will be used for cost-share assistance on agricultural market development. Eligible U.S. organizations that create and promote agricultural trade relationships can tap into these funds for consumer advertising, demonstrations, exhibits, market research, public relations and outreach, and technical assistance. Applications for these funds will be open until November 2, 2018 or until funding is exhausted, whichever happens first.

For more details on these programs, along with information on how to apply, see USDA's Trade Retaliation Mitigation website, www.farmers.gov/manage/trm.

View the AgDM Decision Tool for the *Market Facilitation Program* to estimate payments for 2018, www.extension.iastate.edu/agdm/crops/xls/a1-37marketfacilitationprogramcalc.xlsx.

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