



Agriculture Secretary Sonny Perdue said the programs "buy time for the president to strike long-lasting trade deals to benefit our entire economy." | J. Scott Applewhite/AP Photo

Trump offers trade aid to farmers, but some question its fairness

By **HELENA BOTTEMILLER EVICH**, **CATHERINE BOUDREAU** and **LIZ CRAMPTON** | 08/27/2018 03:42 PM EDT | Updated 08/28/2018 01:31 PM EDT

The Trump administration on Monday detailed how it will dole out \$6.3 billion in aid to assist farmers stung by retaliatory tariffs — and it’s already sparking backlash from some sectors where industry leaders say growers won’t get their fair share.

The announcement represents the first round of payments — USDA officials said Monday they will monitor how ongoing trade disputes affect farmers and that a second installment of cash could be provided to address any further losses. USDA has budgeted up to \$12 billion for potential distribution.

The plan unveiled by the Agriculture Department includes \$4.7 billion in direct payments to row crop growers, including corn, wheat and cotton, as well as to pork and dairy producers. The vast majority of the direct payments — some \$3.6 billion — will go to growers of soybeans, America’s top agricultural export.

Soybeans now fetch \$2 less per bushel than they did in March, when President Donald Trump began to slap new tariffs on Chinese exports, setting off a tit-for-tat trade battle that has resulted in billions of dollars of lost value for a crop that earlier this year surpassed corn as America's most widely grown commodity.

The overwhelming share of direct payments that are slated for soy has incensed other agricultural sectors, prompting industry groups to point out that their slice of the pie is not even close to covering losses that their growers have suffered from retaliation brought on by Trump’s aggressive trade tactics.

“Unfortunately, this plan provides virtually no relief to corn farmers,” said North Dakota farmer Kevin Skunes, president of the National Corn Growers Association. Skunes acknowledged that corn growers knew the aid package would not cover all of their losses, but added that the sector is still disappointed because the plan “does not consider the extent of the damage done to corn farmers.”

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Wheat growers, dairy producers and some other agricultural sectors fired off statements on Monday that expressed similar frustration.



“Farm income is down, and rural America is enduring a prolonged economic downturn,” said wheat farmer Jimmie Musick, president of the National Association of Wheat Growers. “This relief package shows that the administration isn’t grasping the tough conditions being faced by farmers. The long-term solution is to end the trade war.”

The prominence of soybeans to American agricultural exports — the oilseed makes up about 60 percent of the \$20 billion in American farm goods sent to China each year — has led to expectations for months that the crop would factor heavily into the aid package. But the way USDA structured the plan means that farmers in Midwestern states like Indiana and Iowa, which backed Trump in 2016, are on track to receive huge sums of cash ahead of the midterm elections in November, while major produce and nut-growing states, like the Democratic stronghold of California, aren’t in line to receive big checks from the government.

“This is strong evidence of [Trump’s] sensitivity to losing support in the Midwest,” Scott Irwin, an agricultural economist at the University of Illinois, said last month when USDA first announced broad outlines of the aid package.

The likelihood that Western states are not expected to benefit as much from the aid package, even though they export great quantities of produce, fruits and nuts to China and also have been hammered by retaliatory tariffs, has fueled criticism that the administration is looking to take care of its heartland political base ahead of the election and blunt potential political fallout from its trade policies.

John Block, who served as Agriculture secretary during the Reagan administration and has helped rally support for Trump within the agricultural community, disagreed that politics is at the root of

the plan.

“It’s an effort to send a message to rural America and agriculture that we do care,” he said. “We know you’re suffering.”

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By **MEGAN CASSELLA**

USDA spokesman Tim Murtaugh argued last week that the rollout was connected to farmers’ harvest times and not to any political calendar. For most row crops, farmers harvest in the fall.

Controversy surrounding the aid package does not fall squarely along partisan lines. Many farmers, who tend to vote Republican, have argued that they want the Trump administration to broker new deals to expand overseas markets for agricultural goods, not pay producers for getting walloped in the ongoing trade disputes with China, Canada, Mexico and the European Union.

Agriculture Secretary Sonny Perdue, in a statement on Monday, noted that the assistance is intended to stop the bleeding in agriculture and give Trump time to land new trade deals.

“It’s important to note all of this could go away tomorrow, if China and the other nations simply correct their behavior,” he said. “But in the meantime, the programs we are announcing today buy time for the president to strike long-lasting trade deals to benefit our entire economy.”

Farmers can begin to apply for trade assistance starting on Sept. 4. Perdue went public with that detail shortly after the administration first announced, in late July, that aid would be made available to farmers, but producers now face a quick turnaround before the application window opens.

Joseph Glauber, who served as USDA’s chief economist during the Obama administration, said it seems clear that the administration is racing against the political clock with the midterms coming up. “If you’re going to get money out, you want to do it as quickly as possible for political purposes,” he said.

Perdue, who was tasked by Trump earlier this year with devising the trade aid program, spent most of the early part of the summer saying publicly that more information on the effects of retaliatory tariffs was needed before the department could determine how rates of assistance would be calculated.

Trump embraces Mexico, threatens Canada with trade deal

By **SABRINA RODRIGUEZ, ADAM BEHSUDI, MEGAN CASSELLA and DOUG PALMER**

Doling out billions of dollars in aid to farmers in a matter of months is a complicated task, Glauber and other economists said, particularly because it's difficult to isolate price changes that are directly related to tariffs, as opposed to other factors like weather conditions and supply and demand. But because the payments are also slated to be paid out before most crops are done being harvested, questions have been raised about USDA's method for divvying up funds between growers, given that payments are being based on actual production.

“These things always sound easier than they turn out to be,” Glauber added.

By and large, however, frustration among commodity groups outside of the soy universe stems from the fact that USDA's assistance will cover only a fraction of anticipated losses.

The National Corn Growers Association, during a meeting with USDA and White House officials earlier this month, presented an economic analysis showing that prices have dropped by 44 cents a bushel, amounting to an overall hit of more than \$6 billion. Under the plan, corn growers will receive payments at a rate of a penny per bushel, amounting to \$96 million — the smallest amount of all planned direct payments.

The National Association of Wheat Growers and U.S. Wheat Associates also gave officials a rough estimate of losses, showing that prices could fall by 75 cents a bushel, resulting in nearly \$2.5 billion in losses. Wheat growers will get just over \$119 million in direct payments.

Under the plan, in addition to the direct payments, USDA outlined \$1.2 billion in purchases of commodities like apples and almonds, to help boost prices. Goods will be redistributed to food banks and other nutrition programs. USDA will also devote \$200 million to developing foreign markets for U.S. crops, through efforts such as advertising, participation in trade fairs and market research.

Pork is slated to be the largest beneficiary of the buy-ups, with a planned purchase of \$558 million. Pork, which has been hit by retaliatory tariffs on multiple fronts, also will get the second-highest amount of direct payments, at \$290 million.

Traditionally, USDA's efforts to buy up commodities to take supply off the market have been unpopular with many growers because the purchases have less of a direct effect on their bottom lines. A long list of other commodities, including apples, dairy, oranges, pistachios and potatoes would also be purchased under the plan.

Almond growers are a prime example of a sector outside of traditional commodities like corn and wheat where growers were feeling shortchanged. USDA said it will likely buy \$63 million worth of almonds. California almond farmers — who grow the state's top agricultural export — had

requested additional funding for the industry’s promotion activities overseas and to have the government cover 100 percent of their crop insurance premiums.

California and Washington lawmakers on both sides of the aisle had already complained about the bailout shortchanging growers in their states — almond growers included. Last month, a group of California lawmakers wrote to USDA expressing concern about “solely relying” on commodity purchases to help farmers who grow tree nuts, like almonds, along with citrus, leafy greens, berries, tree fruit and potatoes — a category known as specialty crops.

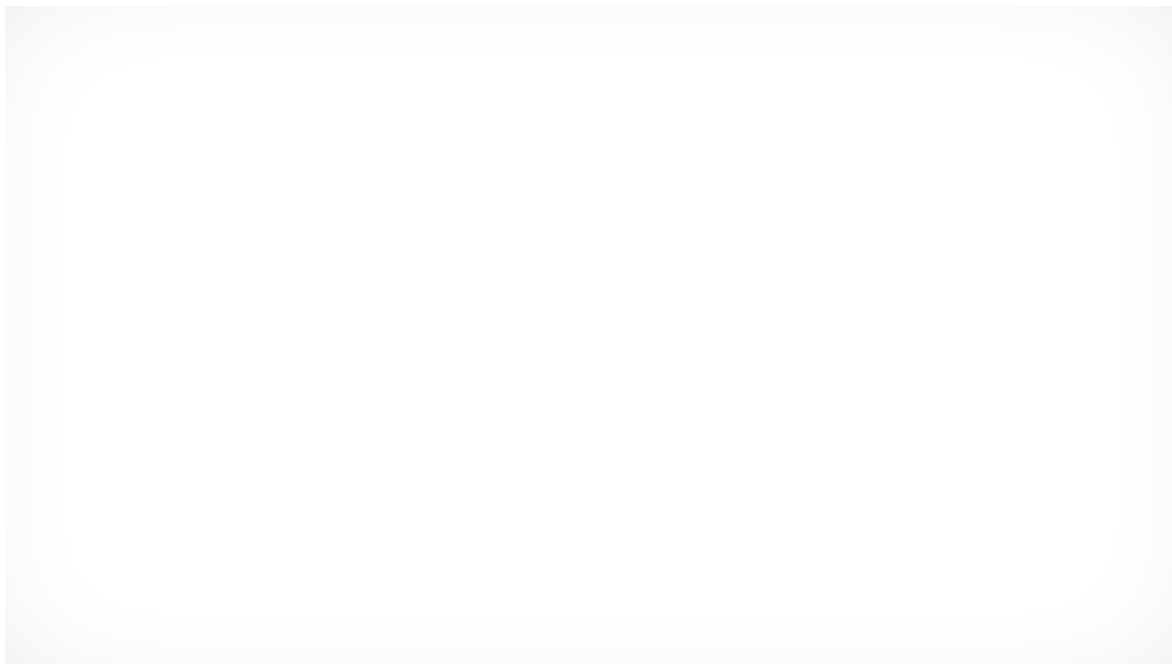
“[A]ny program that is focused on direct payments should be constructed in a way that can also work for the growers of these types of commodities,” they wrote.

Earlier this month, House Majority Leader Kevin McCarthy (R-Calif.) held a call with the White House Office of Management and Budget, ostensibly to press for more aid for California interests. The call included fellow California GOP Reps. Jeff Denham and David Valadao, and a number of USDA officials, according to a public meeting calendar.

Perdue has said, however, that the aid package was not designed to make up for all trade-related losses.

“It’s not going to make everybody whole. It’s not going to make everybody happy,” Perdue said during an appearance at a farm in New York last week.

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