

Tariffs are fine, for the other guy

Matt King, Director of Public Affairs and Government
Relations

Arkansas Farm Bureau Federation

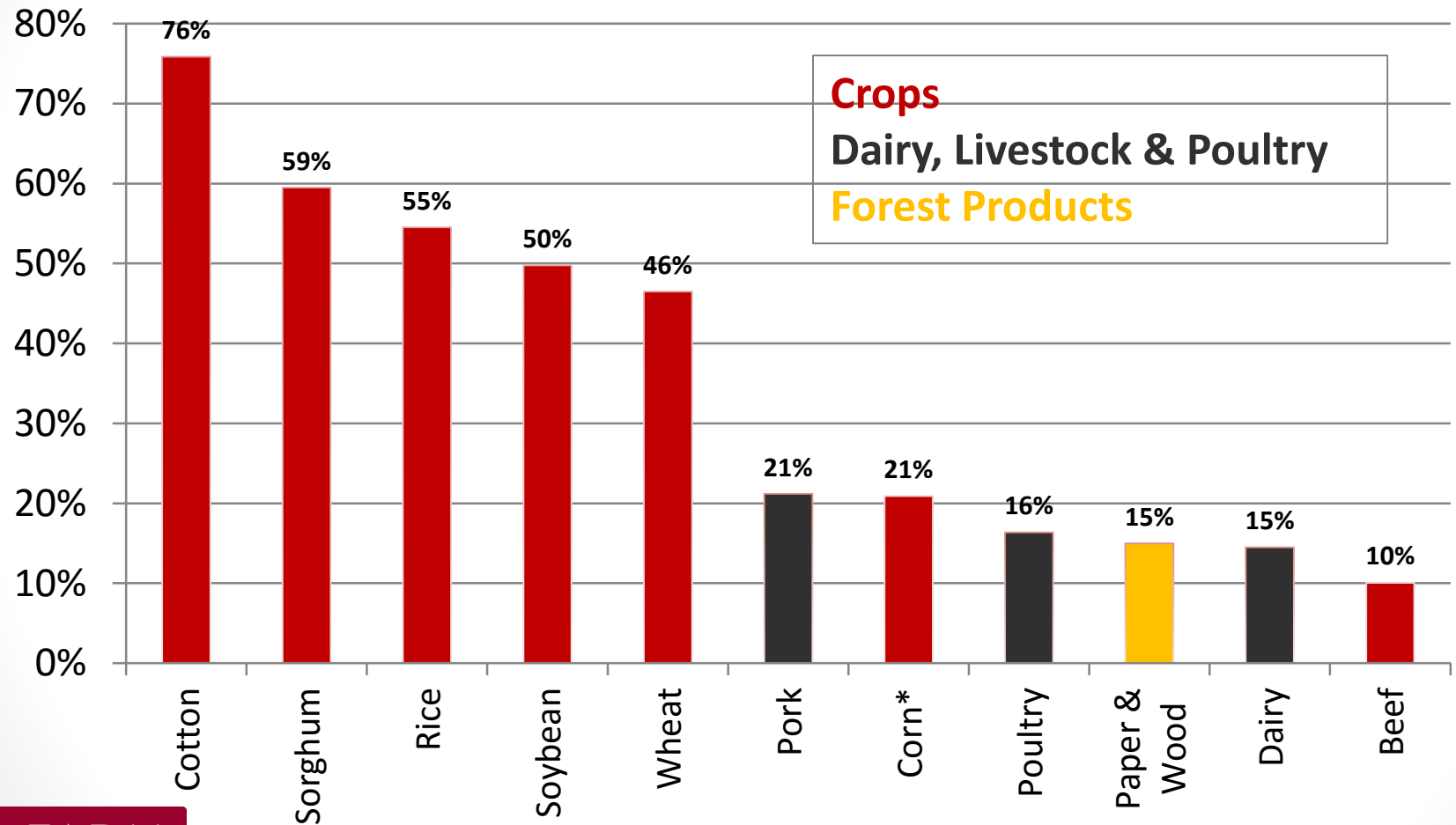
“...Trade Wars are good and easy to win”

Unless you're buying retail, selling wholesale, and paying the freight both ways

Net Farm income is down 50% over the last 5-years.

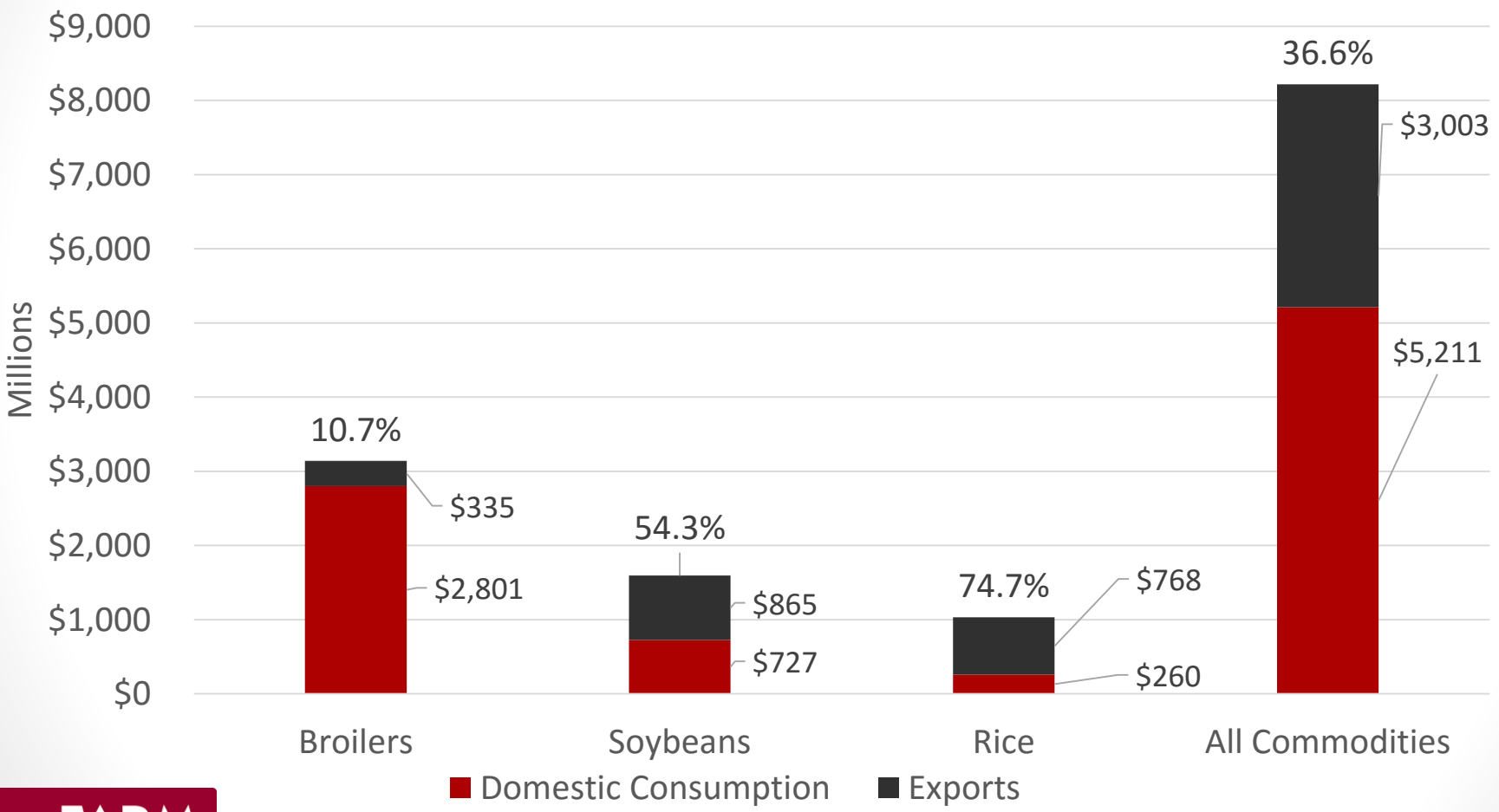
More than 20% of U.S. Ag Production is Exported

Exports are a critical source of income for a wide range of ag products (2017/18).



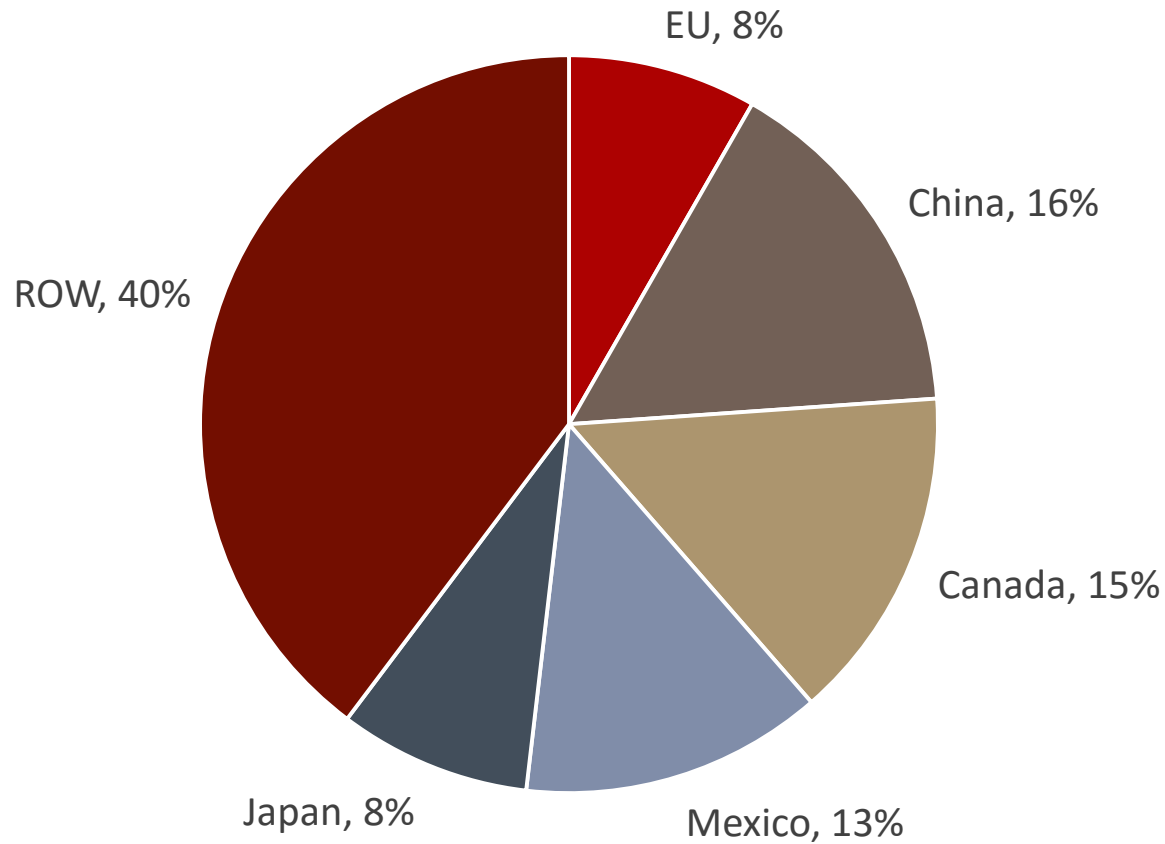
* Corn & corn embedded in ethanol, DDGS, and HFCS exports

Arkansas Farmers More Dependent on Trade



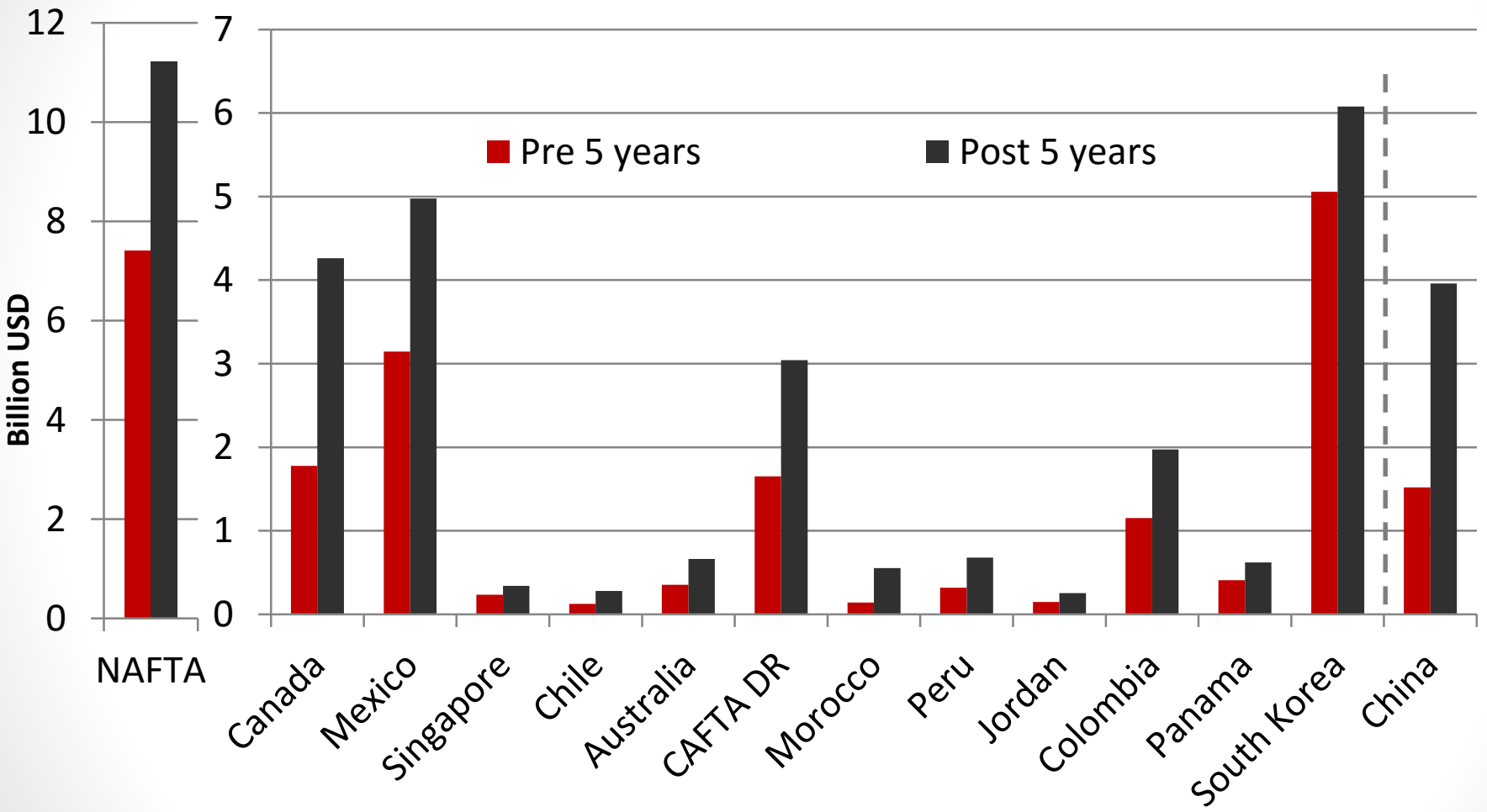
Source: ERS State Trade Data

Top 5 U.S. Ag Trading Partners in 2017



U.S. Agricultural Exports: Before and After FTAs and WTO Accessions

(Comparison average pre and post five years)

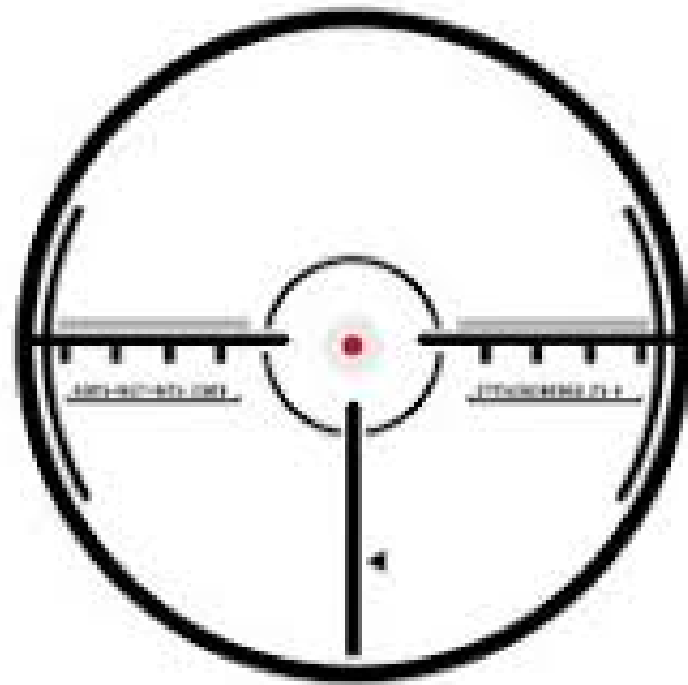


- Notes:
- Canada timeline is for US-Canada FTA. Mexico timeline is for NAFTA.
 - China is included for pre- and post- WTO accession comparison purposes.

Source: USDA/FAS/GATS CY data

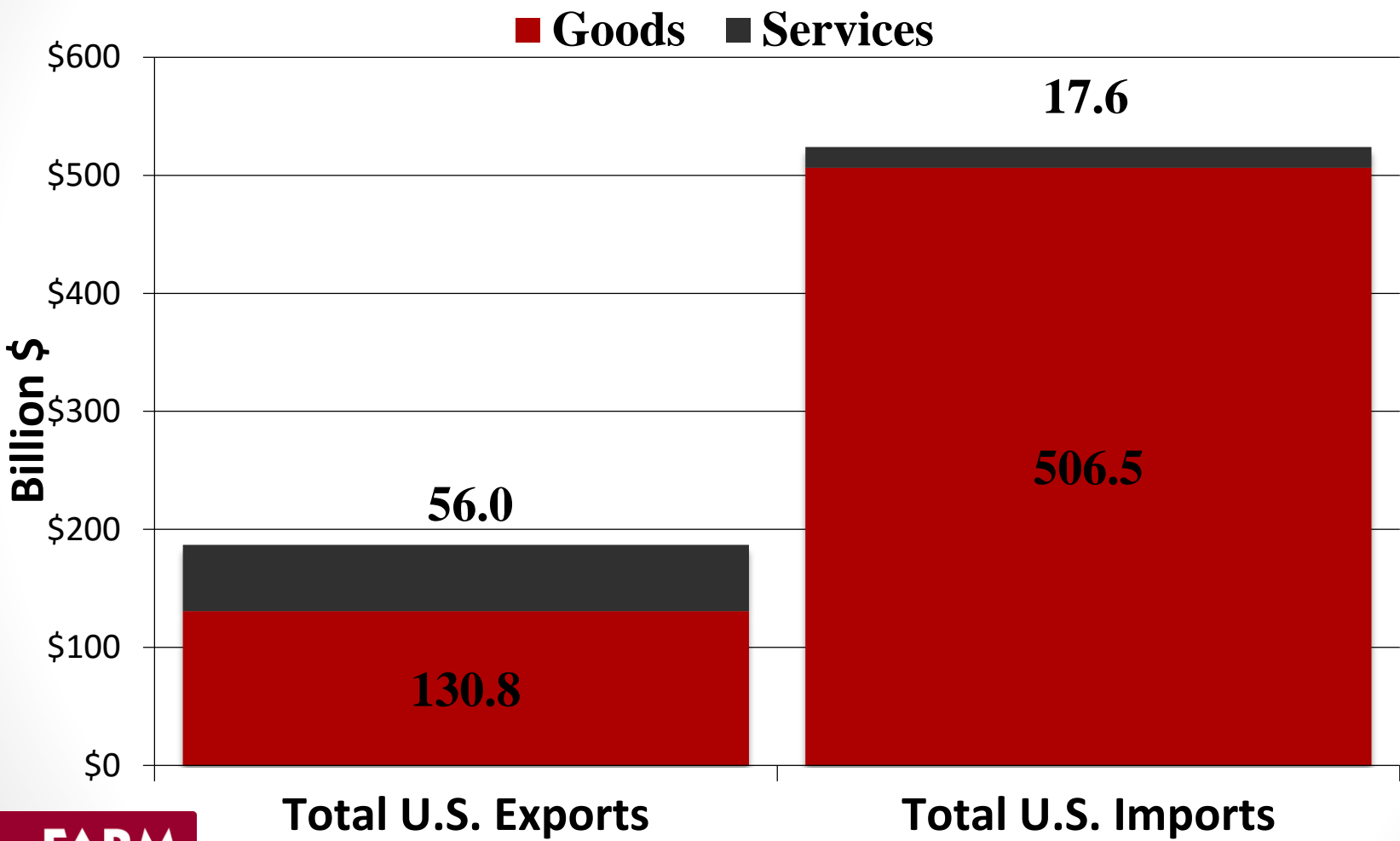
Farmers in the Crosshairs of Trade War

- Tariffs on non ag products leads to retaliation on Ag products
 - China
 - Mexico
 - Canada

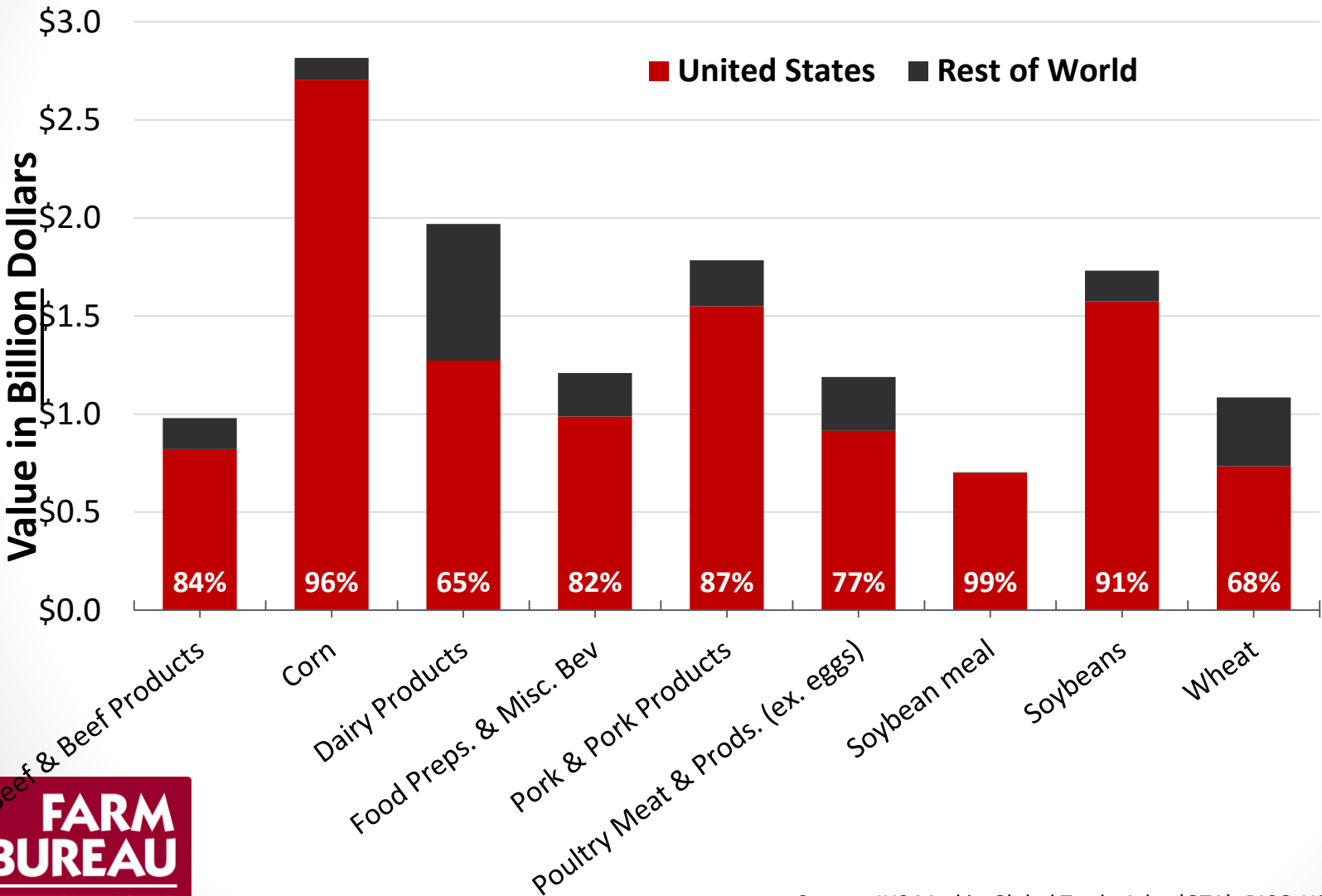


Spotlight on China

U.S. Goods and Services exports to China were nearly \$187 billion in 2016, while imports from China were \$524 billion

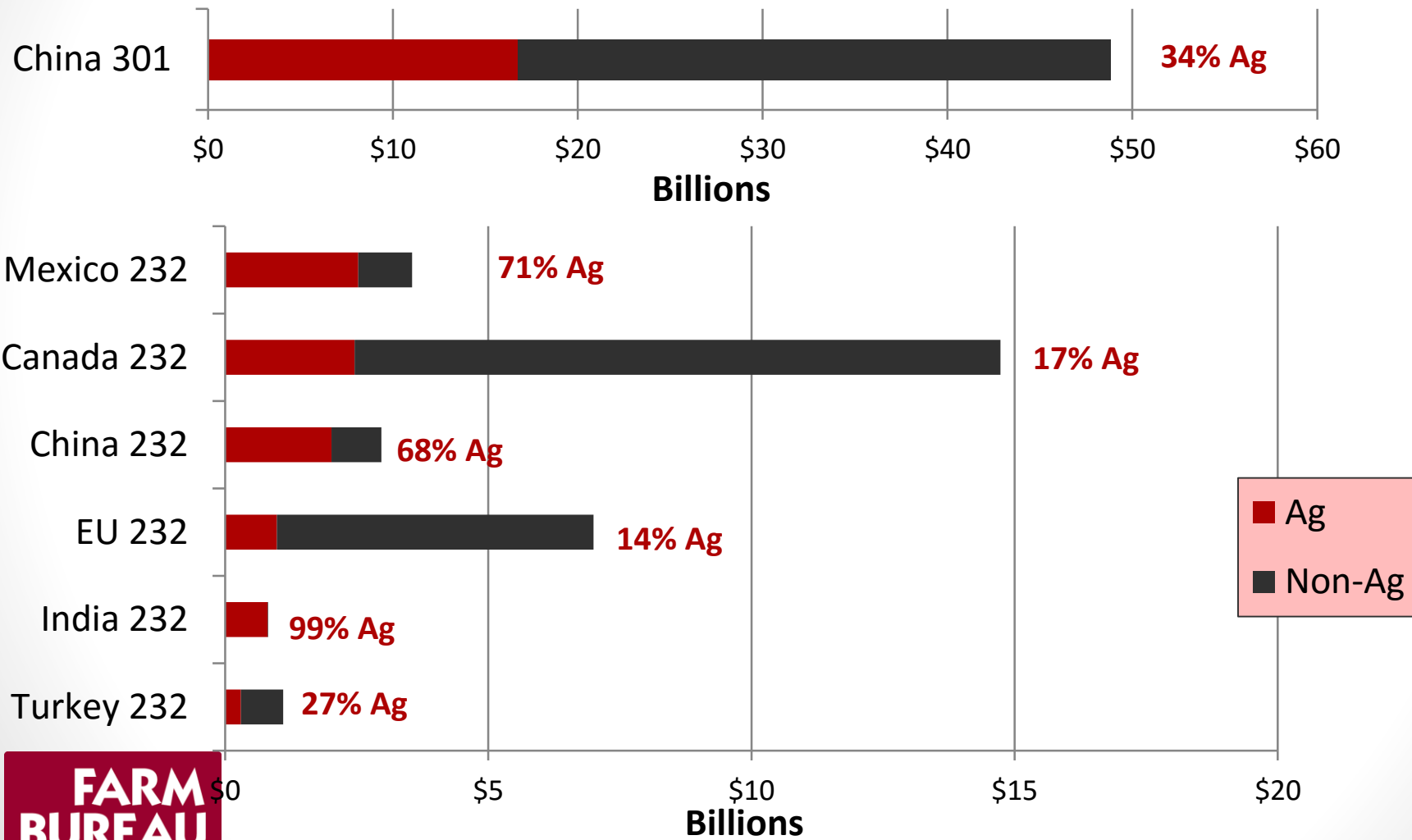


Mexican Agricultural Imports & U.S. Market Share 2017



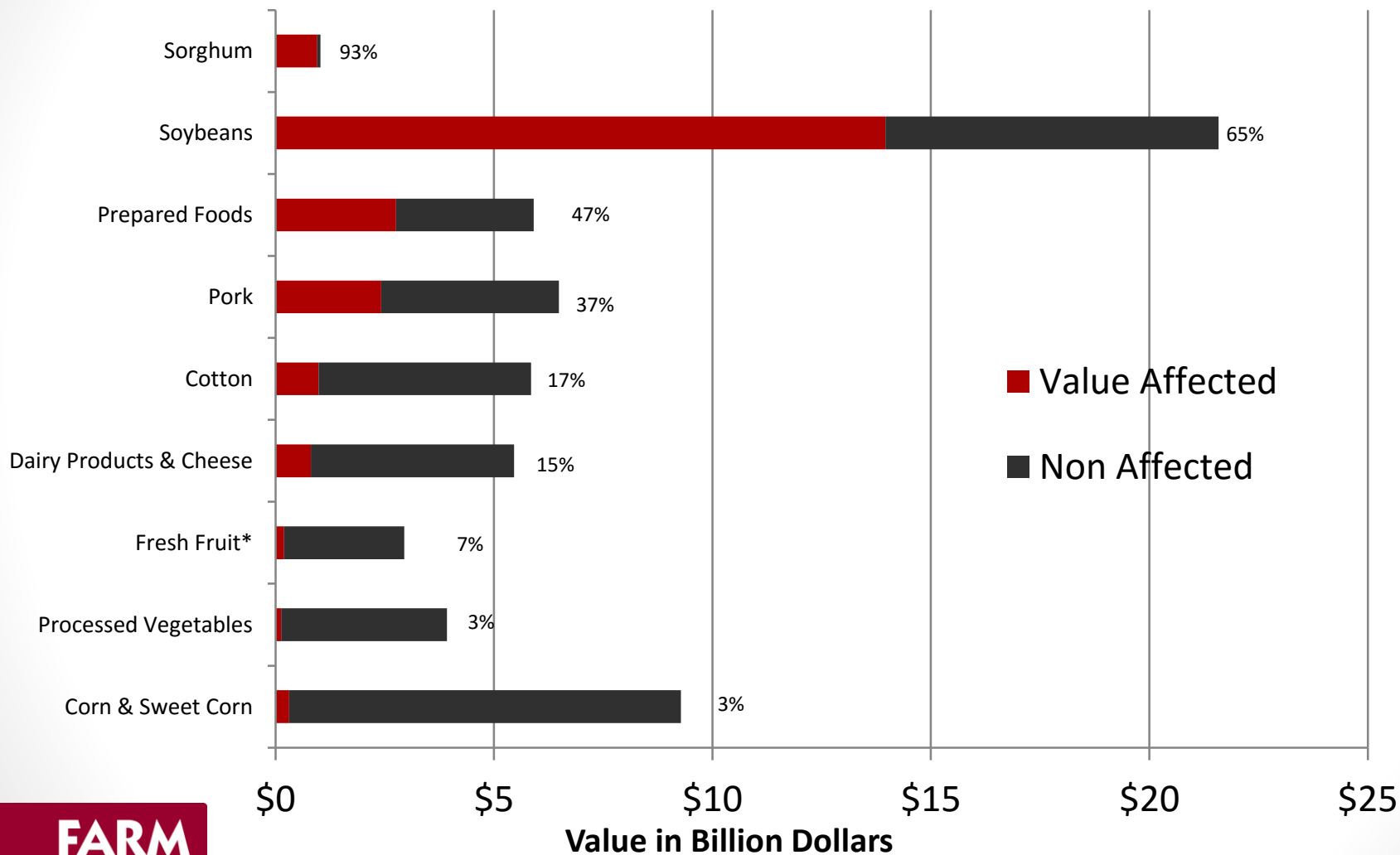
Source: IHS Markit, Global Trade Atlas (GTA), BICO-HS6

U.S. Agricultural Exports and Non-Ag Exports Affected by Retaliation



Source: IHS Markit, Global Trade Atlas (GTA), BICO-HS6

U.S. Ag Exports Affected by Tariff Retaliation

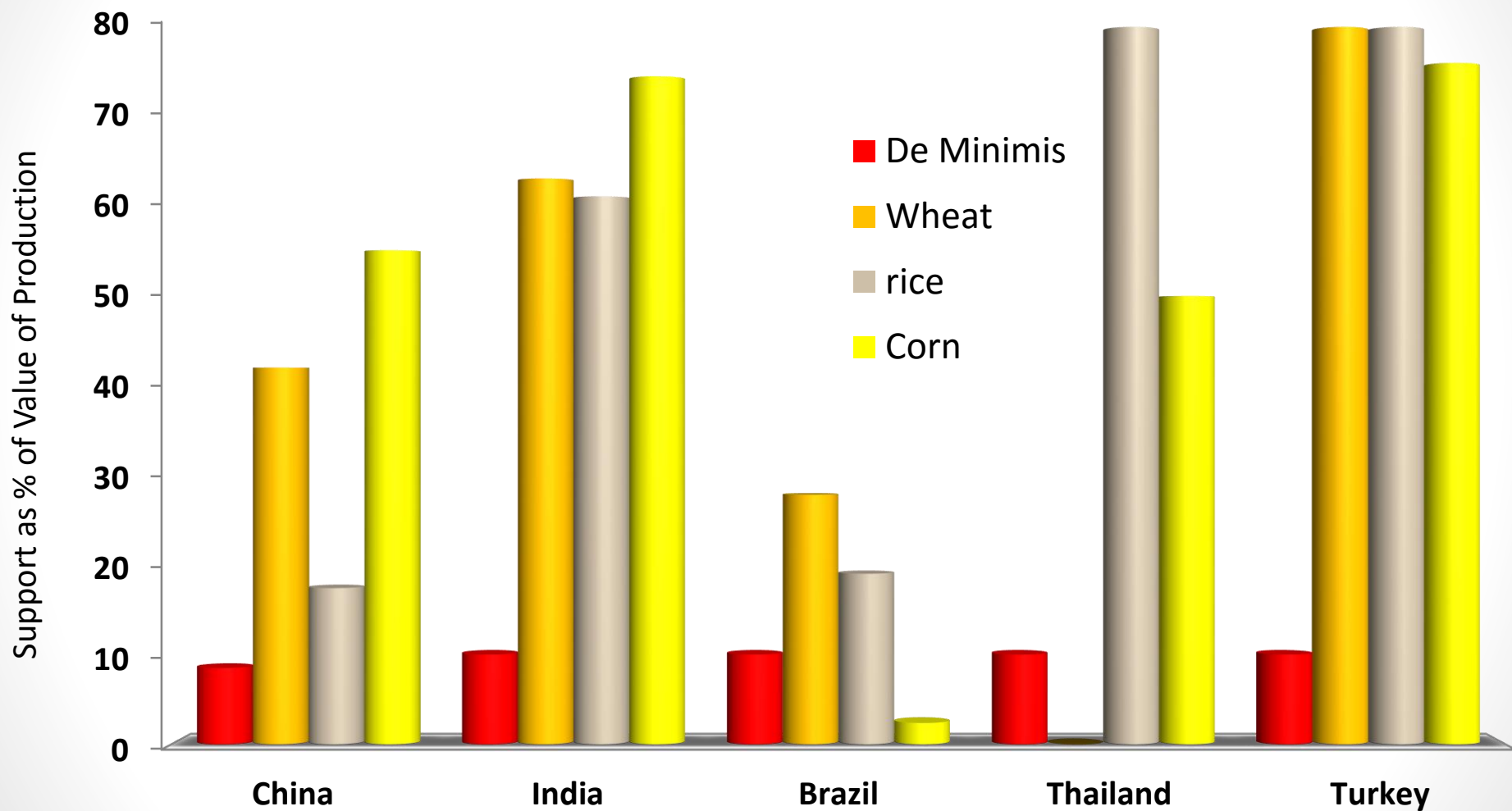


* Does not include apples, cherries, and pears

Source: USDA FAS Global Agricultural Trade System (GATS) - BICO-HS10, WTO, FATUS

Amber Box Support in Developing Countries

Comparison of *de minimis* permitted support level vs. estimated amber box spending for 2013/14



Data Source: DTB - Agricultural Subsidies in Key Developing Countries – November 2014 update

Note: Where DTB estimates a range, the lowest figure is used. For example, China wheat AMS \$18.4 b instead of \$26.0 b (Based on 100% of production)

Trade Aid

Administration Announces Aid to Farmers

- \$12 billion Available through CCC to support Farmers
- Aid to help commodities adversely impacted by Tariffs
- August 24 rules and regulations scheduled to be released
- Signup after labor day

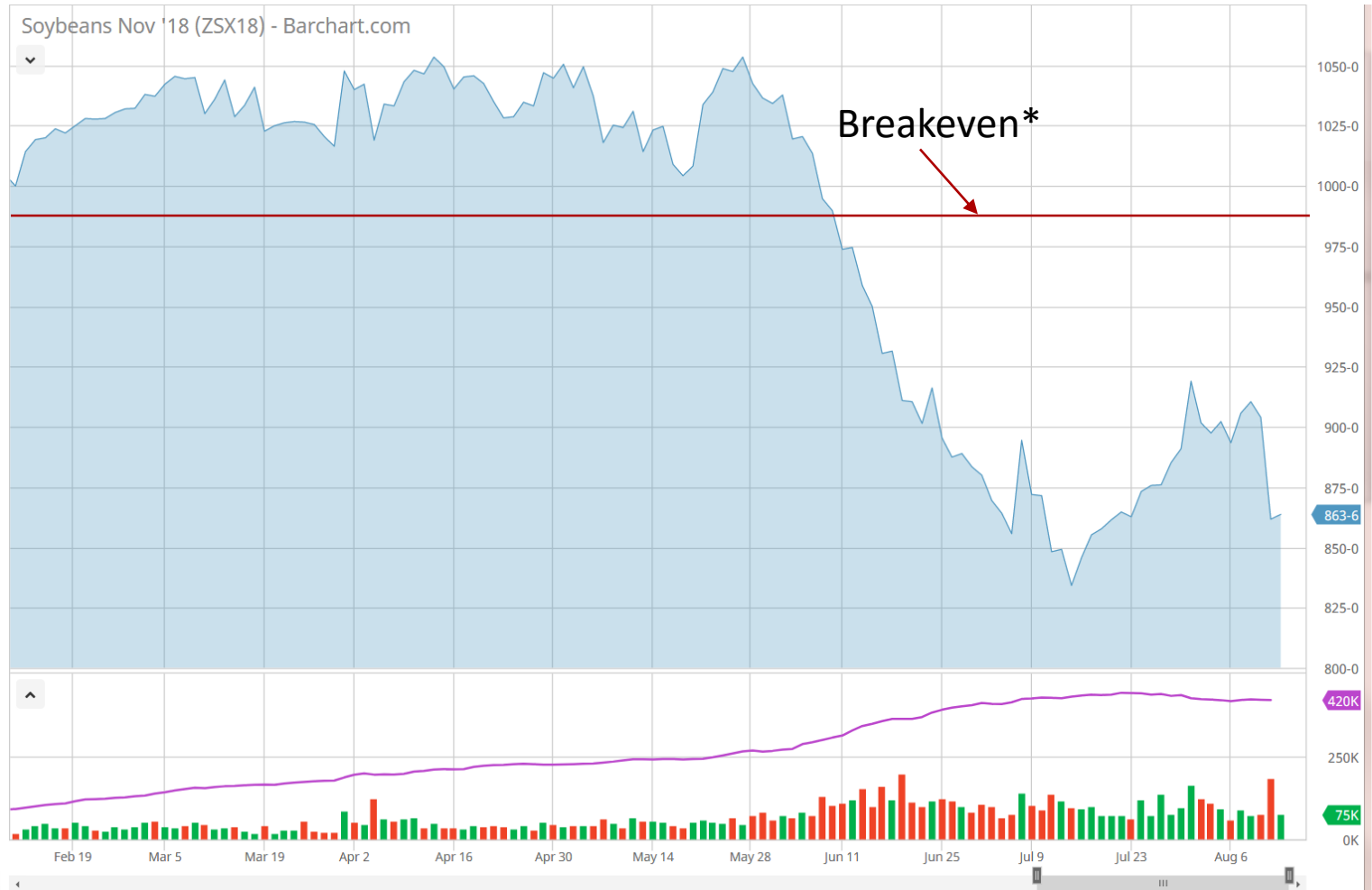
Three Programs

- Market Facilitation Program
- Food Purchase and Distribution Program
- Trade Promotion Program

Commodities For Market Facilitation Program

	Harvested Million Acres	Billion Pounds	
Soybeans	88.9	Dairy	217.9
Sorghum	5.3	Hogs	26.75
Corn	81.8	Total	244.65
Wheat	39.6		
Cotton	10.51		
Total Acres	226.11		

Soybean Prices Experience Sharp Declines



* - Breakeven – LL Furrow Irrigated 80% Share - \$9.91
– RR Furrow Irrigated 80% Share - \$9.73

Source: AgriCharts for Soybean Prices, UAEX Breakeven Price

Soybean Example

	Accumulated Exports Percent Change From Previous Year		
Date	World	China	ROW
2018	-3.4%	-21.2%	27%
2017	17.0%	24.2%	6%
2016	-3.2%	-4.8%	-1%
2015	10.6%	7.2%	16%
2014	22.8%	28.2%	15%
2013	3.5%	-3.5%	16%

Date	Total Commitments of Soybean Exports Week of August 2			Total Market Year Exports Reported Through Export Sales			Share of U.S. Export Market	
	World	China	ROW	World	China	ROW	China	ROW
2018	58,555	27,925	30,630				48%	52%
2017	60,667	36,322	24,345	58,118	36,148	21,969	60%	40%
2016	52,737	29,086	23,651	50,839	29,855	20,984	55%	45%
2015	50,712	29,784	20,928	49,801	29,641	20,161	59%	41%
2014	46,180	28,134	18,047	44,526	27,602	16,924	61%	39%
2013	37,159	21,647	15,512	36,243	21,522	14,721	58%	42%
2012	38,589	24,211	14,378	36,727	23,507	13,220	63%	37%