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## USDA Announces Details of Assistance for Farmers Impacted by Unjustified Retaliation

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# Press Release

subscribed to USDA Office of Communications.

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### USDA Announces Details of Assistance for Farmers Impacted by Unjustified Retaliation

**(Washington, D.C., August 27, 2018)** – U.S. Secretary of Agriculture Sonny Perdue today announced details of actions the U.S. Department of Agriculture (USDA) will take to assist farmers in response to trade damage from unjustified retaliation by foreign nations. President Donald J. Trump directed Secretary Perdue to craft a short-term relief strategy to protect agricultural producers while the Administration works on free, fair, and reciprocal trade deals to open more markets in the long run to help American farmers compete globally. As [announced last month](#), USDA will authorize up to \$12 billion in programs, consistent with our World Trade Organization obligations.

“Early on, the President instructed me, as Secretary of Agriculture, to make sure our farmers did not bear the brunt of unfair retaliatory tariffs. After careful analysis by our team at USDA, we have formulated our strategy to mitigate the trade damages sustained by our farmers. Our farmers work hard, and are the most productive in the world, and we aim to protect them,” said Secretary Perdue.

These programs will assist agricultural producers to meet the costs of disrupted markets:

- USDA's Farm Service Agency (FSA) will administer the Market Facilitation Program (MFP) to provide payments to corn, cotton, dairy, hog, sorghum, soybean, and wheat producers starting September 4, 2018. An announcement about further payments will be made in the coming months, if warranted.
- USDA's Agricultural Marketing Service (AMS) will administer a Food Purchase and Distribution Program to purchase up to \$1.2 billion in commodities unfairly targeted by unjustified retaliation. USDA's Food and Nutrition Service (FNS) will distribute these commodities through nutrition assistance programs such as The Emergency Food Assistance Program (TEFAP) and child nutrition programs.
- Through the Foreign Agricultural Service's (FAS) Agricultural Trade Promotion Program (ATP), \$200 million will be made available to develop foreign markets for U.S. agricultural products. The program will help U.S. agricultural exporters identify and access new markets and help mitigate the adverse effects of other countries' restrictions.

“President Trump has been standing up to China and other nations, sending the clear message that the United States will no longer tolerate their unfair trade practices, which include non-tariff trade barriers and the theft of intellectual property. In short, the President has taken action to benefit all sectors of the American economy – including agriculture – in the long run,” said Secretary Perdue. “It’s important to note all of this could go away tomorrow, if China and the other nations simply correct their behavior. But in the meantime, the programs we are announcing today buys time for the President to strike long-lasting trade deals to benefit our entire economy.”

To watch a video message from Secretary Perdue regarding today’s announcement, you may view [Secretary Perdue's Overview of Trade Mitigation Package](#) or on the image below.



## Background on Market Facilitation Program:

MFP is established under the statutory authority of the Commodity Credit Corporation (CCC) and administered by FSA. For each commodity covered, the payment rate will be dependent upon the severity of the trade disruption and the period of adjustment to new trade patterns, based on each producer’s actual production.

Interested producers can apply after harvest is 100 percent complete and they can report their total 2018 production. Beginning September 4th of this year, MFP applications will be available online at [www.farmers.gov/mfp](http://www.farmers.gov/mfp). Producers will also be able to submit their MFP applications in person, by email, fax, or by mail.

Eligible applicants must have an ownership interest in the commodity, be actively engaged in farming, and have an average adjusted gross income (AGI) for tax years 2014, 2015, and 2016 of less than \$900,000. Applicants must also comply with the provisions of the “Highly Erodible Land and Wetland Conservation” regulations. On September 4, 2018, the first MFP payment periods will begin. The second payment period, if warranted, will be determined by the USDA.

## Market Facilitation Program

<b>Commodity</b>	<b>Initial Payment Rate</b>	<b>Est. Initial Payment** (in \$1,000s)</b>
Cotton	\$0.06 / lb.	\$276,900
Corn	\$0.01 / bu.	\$96,000
Dairy (milk)	\$0.12 / cwt.	\$127,400
Pork (hogs)	\$8.00 / head	\$290,300
Soybeans	\$1.65 / bu.	\$3,629,700
Sorghum	\$0.86 / bu.	\$156,800
Wheat	\$0.14 / bu.	\$119,200
<b>Total</b>		<b>\$4,696,300</b>

*\*\* Initial payment rate on 50% of production*

The initial MFP payment will be calculated by multiplying 50 percent of the producer's total 2018 actual production by the applicable MFP rate. If CCC announces a second MFP payment period, the remaining 50 percent of the producer's total 2018 actual production will be subject to the second MFP payment rate.

MFP payments are capped per person or legal entity at a combined \$125,000 for dairy production or hogs. Payment for dairy production is based off the historical production reported for the Margin Protection Program for Dairy (MPP-Dairy). For existing dairy operations, the production history is established using the highest annual milk production marketed during the full calendar years of 2011, 2012, and 2013. Dairy operations are also required to have been in operation on June 1, 2018 to be eligible for payments. Payment for hog operations will be based off the total number of head of live hogs owned on August 1, 2018.

MFP payments are also capped per person or legal entity at a combined \$125,000 for corn, cotton, sorghum, soybeans and wheat.

For more information on the MFP, visit [www.farmers.gov/mfp](http://www.farmers.gov/mfp) or contact your local FSA office, which can be found at [www.farmers.gov](http://www.farmers.gov).

## **Background on Food Purchase and Distribution Program:**

The amounts of commodities to be purchased are based on an economic analysis of the damage caused by unjustified tariffs imposed on the crops listed below. Their damages will be adjusted based on several factors and

spread over several months in response to orders placed by states participating in the FNS nutrition assistance programs.

### Food Purchases

Commodity	Target Amount (in \$1,000s)
Apples	\$93,400
Apricots	\$200
Beef	\$14,800
Blueberries	\$1,700
Cranberries	\$32,800
Dairy	\$84,900
Figs	\$15
Grapefruit	\$700
Grapes	\$48,200
Hazelnuts	\$2,100
Kidney Beans	\$14,200
Lemons/Limes	\$3,400
Lentils	\$1,800
Macadamia	\$7,700
Navy Beans	\$18,000

<b>Commodity</b>	<b>Target Amount (in \$1,000s)</b>
Oranges (Fresh)	\$55,600
Orange Juice	\$24,000
Peanut Butter	\$12,300
Pears	\$1,400
Peas	\$11,800
Pecans	\$16,000
Pistachios	\$85,200
Plums/Prunes	\$18,700
Pork	\$558,800
Potatoes	\$44,500
Rice	\$48,100
Strawberries	\$1,500
Sweet Corn	\$2,400
Walnuts	\$34,600
<b>Total</b>	<b>\$1,238,800</b>

**Program details yet to be determined**

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<b>Commodity</b>	<b>Target Amount (In \$1,000s)</b>
Almonds	\$63,300
Sweet Cherries	\$111,500
<b>Total</b>	<b>\$174,800</b>

Products purchased will be distributed by FNS to participating states, for use in TEFAP and other USDA nutrition assistance programs.

### **Purchasing:**

AMS will buy affected products in four phases. The materials purchased can be adjusted between phases to accommodate changes due to: growing conditions; product availability; market conditions; trade negotiation status; and program capacity.

AMS will purchase known commodities first. By purchasing in phases, procurements for commodities that have been sourced in the past can be purchased more quickly and included in the first phase.

### **Vendor Outreach:**

To expand the AMS vendor pool and the ability to purchase new and existing products, AMS will ramp up its vendor outreach and registration efforts. AMS has also developed flyers on how the process works and how to become a vendor for distribution to industry groups and interested parties. Additionally, AMS will continue to host a series of free webinars describing the steps required to become a vendor. Stakeholders will have the opportunity to submit questions to be answered during the webinar. Recorded webinars are available to review by potential vendors, and staff will host periodic Question and Answer teleconferences to better explain the process.

### **Product Specifications:**

AMS maintains purchase specifications for a variety of commodities, which ensure recipients receive the high-quality product they expect. AMS in collaboration with FNS regularly develops and revises specifications for new and enhanced products based on program requirements and requests and will be prioritizing the development of those products impacted by unjustified retaliation. AMS will also work with industry groups to identify varieties and grades sold to China and other offshore markets such as premium apples, oranges, pears and other products. AMS will develop or revise specifications to facilitate the purchase of these premium varieties in forms that meet the needs of FNS nutrition assistance programs.

### **Outlets:**

AMS purchases commodities for use in FNS programs such as the National School Lunch Program, TEFAP and other nutrition assistance programs. AMS is working closely with FNS to distribute products to State Agencies that participate in USDA nutrition assistance programs as well as exploring other outlets for distribution of products, as needed.

To the extent possible, FNS will identify items for distribution that are appropriate for each potential outlet. The products discussed in this plan will be distributed to States for use in the network of food banks and food pantries

that participate in TEFAP, elderly feeding programs such the Commodity Supplemental Foods Program, and tribes that operate the Food Distribution Program on Indian Reservations.

These outlets are in addition to child nutrition programs such as the National School Lunch Program, which may also benefit from these purchases.

### **Distribution:**

AMS has coordinated with the Office of the Chief Economist, FNS, Industry, and other agency partners to determine necessary logistics for the purchase and distribution of each commodity including trucking, inspection and audit requirements, and agency staffing.


## **Background on Agricultural Trade Promotion Program:**

The FAS will administer the ATP under authorities of the CCC. The ATP will provide cost-share assistance to eligible U.S. organizations for activities such as consumer advertising, public relations, point-of-sale demonstrations, participation in trade fairs and exhibits, market research, and technical assistance. Applications for the ATP will be accepted until November 2, 2018 or until funding is exhausted. Funding should be allocated to eligible participants in early 2019. The ATP is meant to help all sectors of U.S. agriculture, including fish and forest product producers, mainly through partnerships with non-profit national and regional organizations.

### **Agricultural Trade Promotion Program**

	<b>Est. Amount (in \$1,000s)</b>
<b>Ag Products Total</b>	<b>\$200,000</b>

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