Impact of Tariffs and Trade Retaliation

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1,851 DAIRY PRODUCERS
Herds range from 50 to 10,000+

749 AG PRODUCERS

1,116 RETAIL OWNERS
Serving a producer network of 300,000+
12.5 billion pounds of milk
the harvested acres in the United States
Trade disputes are making a downturn in the agricultural economy even tougher.
Difficulty and disruption in 2019

Strong industry headwinds are posing substantial challenges for agriculture:

- **Record low farm income pressuring growers and rural businesses**
- **Consolidation**
- **Market and policy uncertainty**

![Net Farm Income ($ billion, nominal)](chart)

Data Source: USDA Economic Research Service
Uncertainty on trade adds to economic stress

As trade war wears on, U.S. soybean farmers start to worry that China's demand won't return

World's largest soybean market has turned to other countries.

By Adam Belz, Star Tribune
March 2, 2019 — 8:00 AM

Retaliatory tariffs cost Nebraska agriculture $1 billion, report finds

DON WALTON, Lincoln Journal Star
Dec 3, 2018

Outlook remains dim for farmers as trade war and weaker growth raise risks, new report says

Politics

Iowa farming's $2.2 billion trade loss could ripple through state's economy

Donnelle Eller, Des Moines Register
Published 1:39 p.m. CT Sept. 21, 2018 | Updated 12:53 p.m. CT Sept. 25, 2018
Dairy exports have seen a clear year-over-year decline as a result of tariffs.

Dairy exports to China down 45% year-over-year following first round of tariffs.

Globally, tariffs cost dairy exporters $146 million in 2018.
Crop farmers are also under pressure from tariffs, with diminished access to critical markets

✓ Soybean exports to China **down 86%** year-over-year
✓ U.S. soybean exports overall **down 36%** year-over-year
✓ Near-record soybean planting in 2018, with many elevators carrying over last year’s crop

When ag producers are hit with additional uncertainty, rural businesses, ag retailers and rural co-ops are also affected.
Trade is a top issue for Land O’Lakes and our members in 2019.
USMCA Approval

- Maintains core NAFTA framework
- Ends Canada’s Class 7 milk pricing system
- Maintains dairy access into Mexico
USMCA Approval

• A unified regulatory approval process for new biotech traits, benefiting farmers and businesses
• Minimizes unnecessary barriers to trade
• Provides certainty!

Congressional approval of USMCA in 2019 is critical.
Steps to Ease Retaliatory Tariffs

Section 232 and 301 tariffs have led to retaliation from key partners.

Retaliation has played a big role in creating uncertainty in the marketplace for agriculture – including our Land O’Lakes members.

Elimination of Section 232 and 301 tariffs would benefit American agriculture.
Promoting additional trade opportunities

- **Japan** – *Promising new developments this spring with a critical market*

- Agriculture should be included in any agreement with Japan

- Land O’Lakes joined recent industry letter to USTR on this issue
Bottom line:
Exports are critical across the scope of American agriculture.
Thank You!

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