

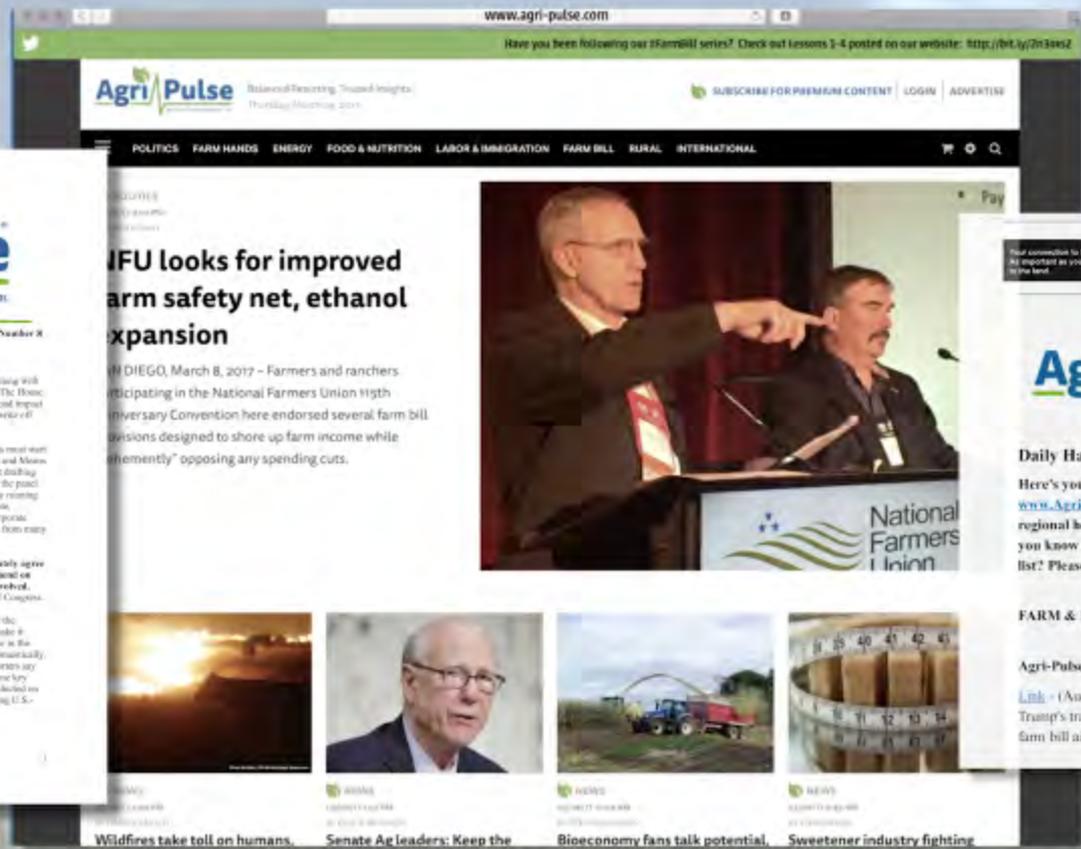
# The Outlook for U.S. and Global Ag Policy under the Trump Administration

## **Agri-Pulse**

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**Farm groups nervously watch tax reform plans**

Tax reform is one of the two highest priorities for Republicans in Congress this year along with replacing Obamacare, but GOP lawmakers are struggling to make progress on either. The House tax reform plan is getting critical reviews at best among farm groups because of the broad impact it could have on everything from the use of fuel and fertilizer to what producers can write off from their taxes.

Under the Constitution, tax bills must start in the House. The House Ways and Means Committee has yet to even start drafting its legislation, but the plan that the panel first outlined last year is already raising farm tax exposures in the Senate, reflecting a deep split in the corporate community and sharp criticism from many conservative farm groups as well.

**Whether Congress can ultimately agree on a tax reform bill could depend on how President Trump gets involved.**

It's widely expected to address the issue when he speaks Feb. 28 to a joint session of Congress.

More, but not all, of the opposition centers on the way the House plan would overhaul the corporate income tax. The plan would cut the rate from 35 percent to 21 percent and make it "border adjustable." Companies are essentially taxed on income from what they produce in the United States. Under the House plan, they would instead be taxed on what they sell domestically. Income from imported products would be taxed, but exports would be exempt. Supporters say that exempts the value-added taxes (VAT) other developed countries use. But there's one key difference that adds a WTO challenge: Inside the House plan, wage funds could be deducted on income from U.S.-made products sold in the United States. That could be seen as giving U.S.-made products an unfair advantage over imports.

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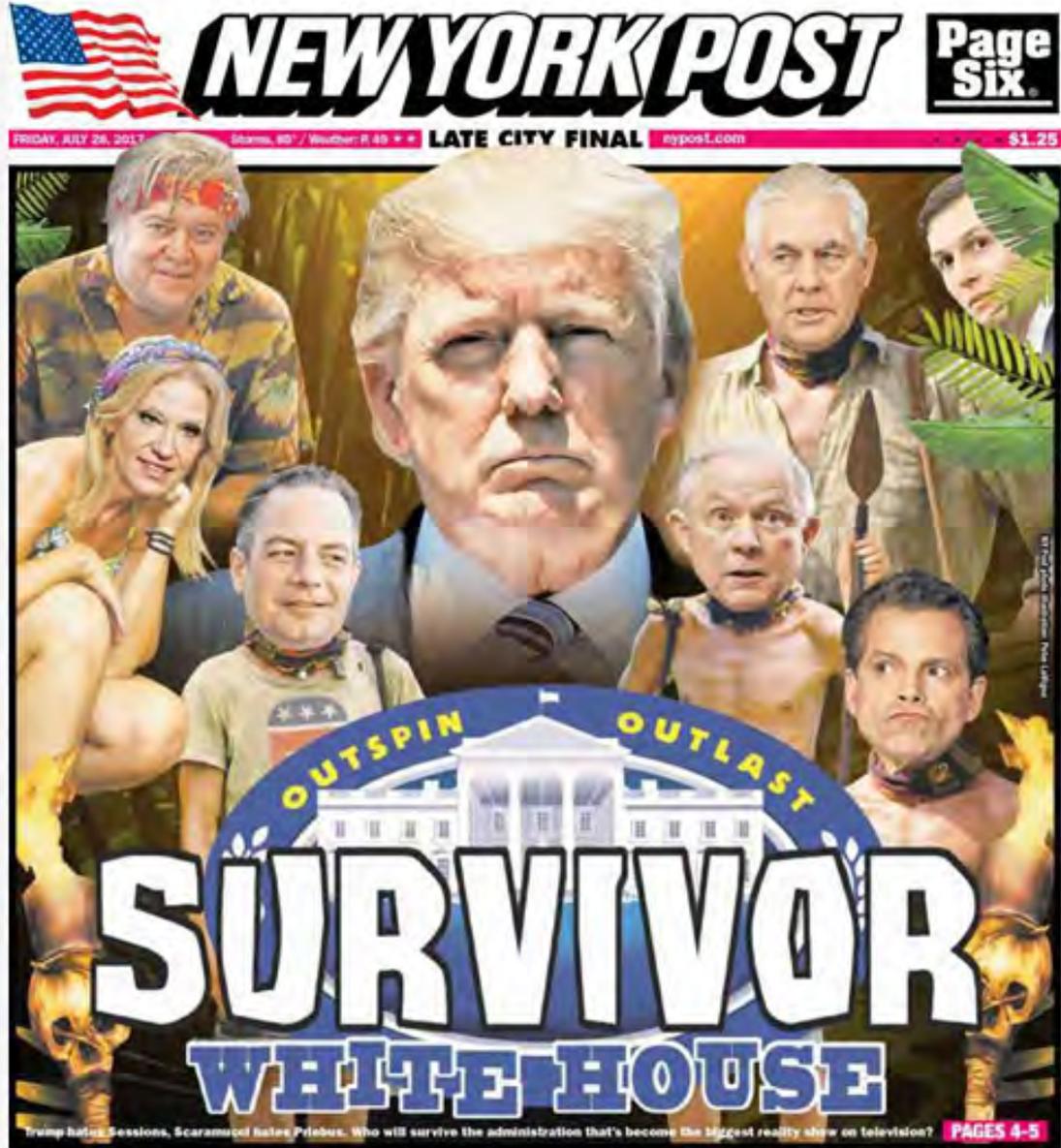
**Daily Harvest — 3/3/2017**

Here's your daily summary of top news from [www.AgriPulse.com](http://www.AgriPulse.com) and other national and regional headlines from across the country. Do you know of someone who should also be on our list? Please ask them to click [here](#).

**FARM & RURAL POLICY**

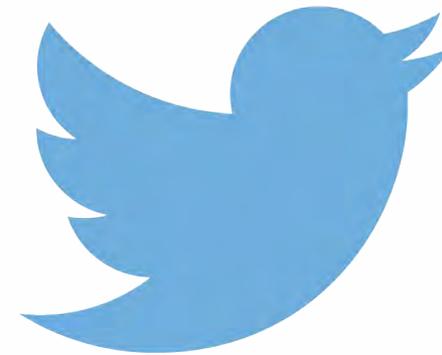
Agri-Pulse: Daybreak for Mar. 3, 2017

[Link](#) - (Audio) Ethanol debate heats up on Hill; Trump's trade moves divides growers; Schools seek farm bill aid.

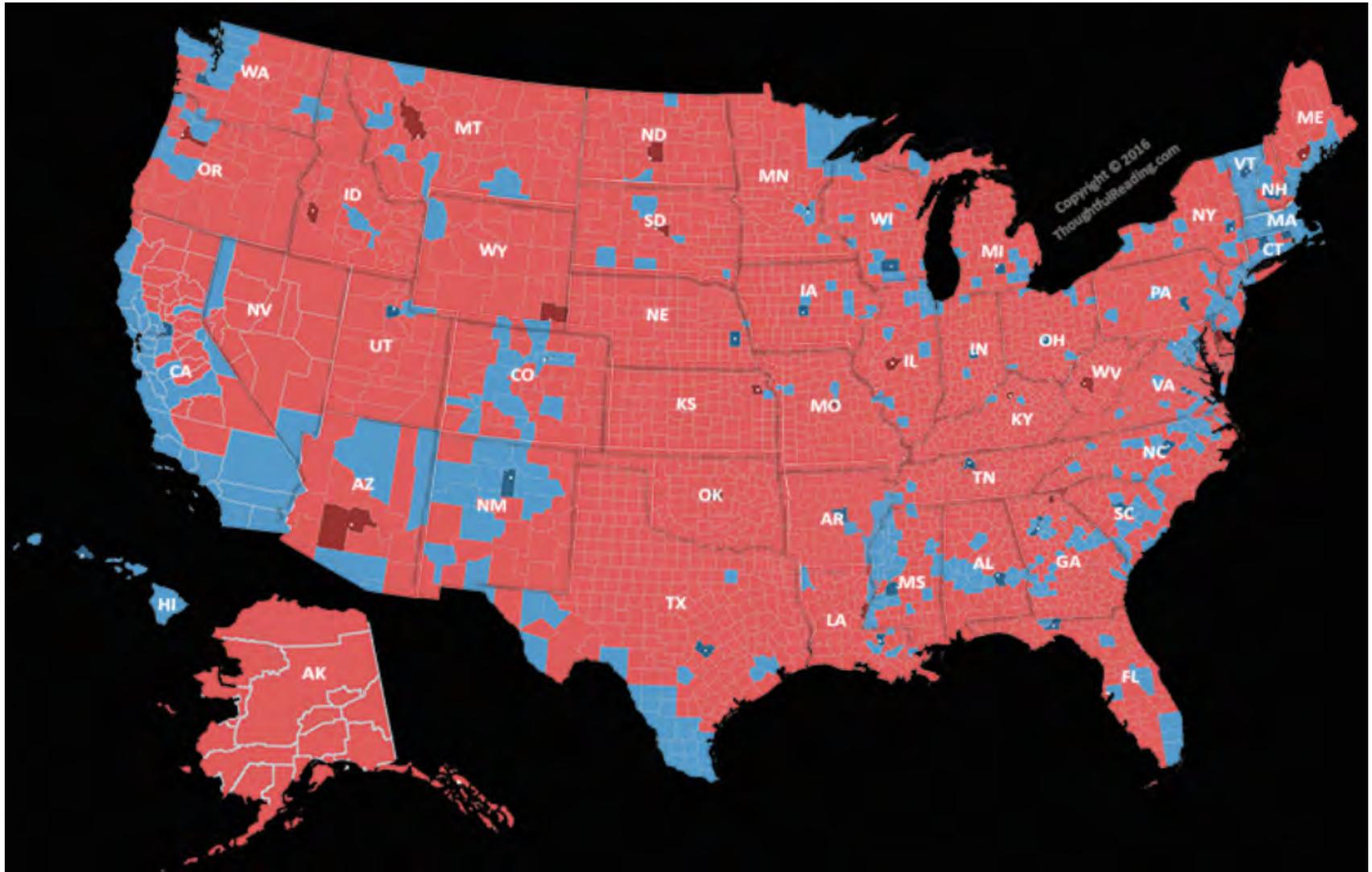


## Presidential tweets keep on coming

-  **Donald J. Trump** @realDonaldTrump · Jul 26  
Why didn't A.G. Sessions replace Acting FBI Director Andrew McCabe, a Comey friend who was in charge of Clinton investigation but got....  
22K 16K 62K
-  **Donald J. Trump** @realDonaldTrump · Jul 26  
...victory and cannot be burdened with the tremendous medical costs and disruption that transgender in the military would entail. Thank you  
76K 43K 140K
-  **Donald J. Trump** @realDonaldTrump · Jul 26  
...Transgender individuals to serve in any capacity in the U.S. Military. Our military must be focused on decisive and overwhelming....  
47K 46K 136K
-  **Donald J. Trump** @realDonaldTrump · Jul 26  
After consultation with my Generals and military experts, please be advised that the United States Government will not accept or allow.....  
26K 43K 125K
-  **Donald J. Trump** @realDonaldTrump · Jul 26  
Replying to @realDonaldTrump  
Senator @lisamurkowski of the Great State of Alaska really let the Republicans, and our country, down yesterday. Too bad!  
32K 14K 58K



# “Fly over” country voted for Trump



## Trump's top campaign promises



- Build the wall, secure the border
- Temporarily ban refugees from entering the U.S.
- Bring manufacturing jobs back to the U.S.
- Tax goods coming from China, Mexico
- Withdraw from TPP, Renegotiate NAFTA
- Repeal and replace the ACA (Obamacare)
- Cut taxes
- Cut regulations
- Downsize the federal government
- Drain the “swamp” of lobbyists
- Maintain the Renewable Fuel Standard (RFS)

## **Trump's early executive orders take aim at campaign promises**



- ✓ Build the wall, secure the border
- ✓ Temporarily ban refugees/other immigrants from entering the U.S.
- ✓ Bring manufacturing jobs back to the U.S.
- ✓ Withdraw from TPP, Renegotiate NAFTA
- ✓ Repeal and replace the ACA (Obamacare)
- ✓ Cut taxes
- ✓ Cut regulations
- ✓ Downsize the federal government

**...But changes don't happen overnight.....**

## LEGISLATIVE



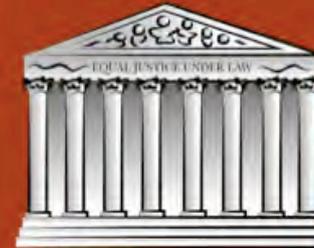
- ★ Makes laws
- ★ Approves presidential appointments
- ★ Two senators from each state
- ★ The number of congressmen is based on population

## EXECUTIVE



- ★ Signs laws
- ★ Vetoes laws
- ★ Pardons people
- ★ Appoints federal judges
- ★ Elected every four years

## JUDICIAL



- ★ Decides if laws are constitutional
- ★ Are appointed by the president
- ★ There are 9 justices
- ★ Can overturn rulings by other judges



## Reality of Trump's executive orders?

- Action to withdraw from Trans-Pacific Partnership created uncertainty about the future of U.S exports. He wants bilateral, not multilateral deals
- At the last minute decided to renegotiate - not end - the North American Free Trade Agreement
- Direction to secure the border and enhance inspections concerns farmers and packers about finding adequate workforce.
- Ban/hold on immigrants resulted in short-term chaos and legal battles.
- Calls for infrastructure cost billions. Uncertain who is going to pay and how to move through Congress?
- Chaos in the WH distracts from President's agenda



1483638544977.jpg

So why do so many farmers and ranchers still support President Trump?



## Regulatory reform



### “Executive Order on Reducing Regulation”

“. . . it is essential to manage the costs associated with the governmental imposition of private expenditures required to comply with Federal regulations. Toward that end, it is important that for every one new regulation issued, at least two prior regulations be identified for elimination . . .”

**Donald J. Trump, The White House**

January 30, 2017.

## Trump's new pick for the U.S. Supreme Court



**SCOTUS: Judge Neil Gorsuch**

- Aims to interpret constitution as originally intended
- Will be crucial vote for advancing Trump's agenda
- May discourage some federal agencies from sue and settle
- Probably not the last Supreme Court Nominee for Trump

## National Ag Day Proclamation:

The first time a sitting president has signed a presidential proclamation honoring National Agriculture Day since President Bill Clinton in 1993. Ray Starling wants to “brag on ag.”



## Task Force on Rural Prosperity



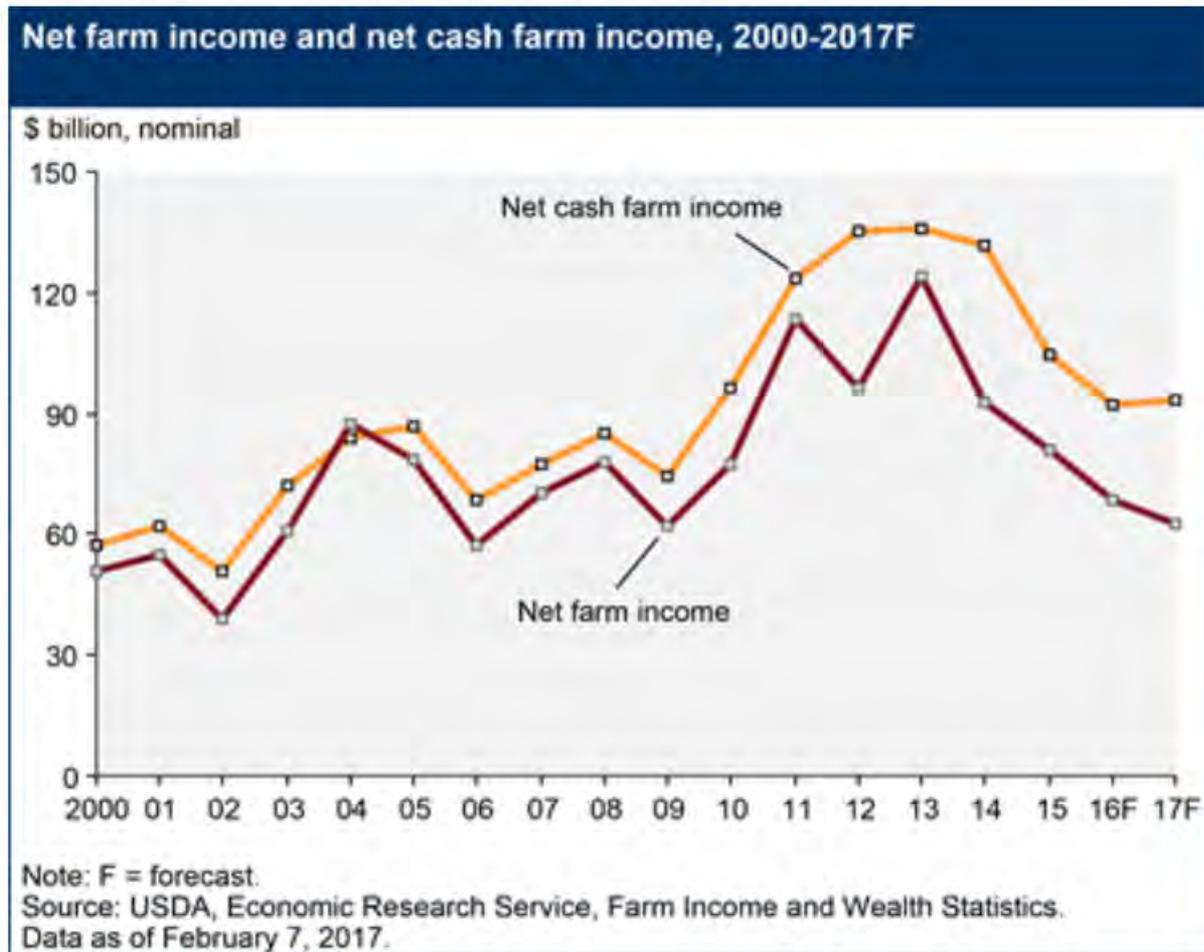
- Chaired by Agriculture Sec. Sonny Perdue
- Includes several cabinet members, Special Assistant to President on Agriculture, Federal Communications Commission Chief
- Appointed April 25, have 180 days to report.

## Opening doors to China



- Trump's relationship with Xi Jinping, president of the People's Republic of China, got off to a good start
- He appointed Iowa Gov. Terry Branstad – friend of Xi Jinping since 1985 - as Ambassador to China
- Opened up access to U.S. beef and rice and some long-awaited biotech trait approvals
- Commerce Sec. Ross and Ag Sec. Perdue working closely together, along with new USTR Robert Lighthizer
- But what next with North Korea? New sanctions on China?

## Still, farmers are nervous.....



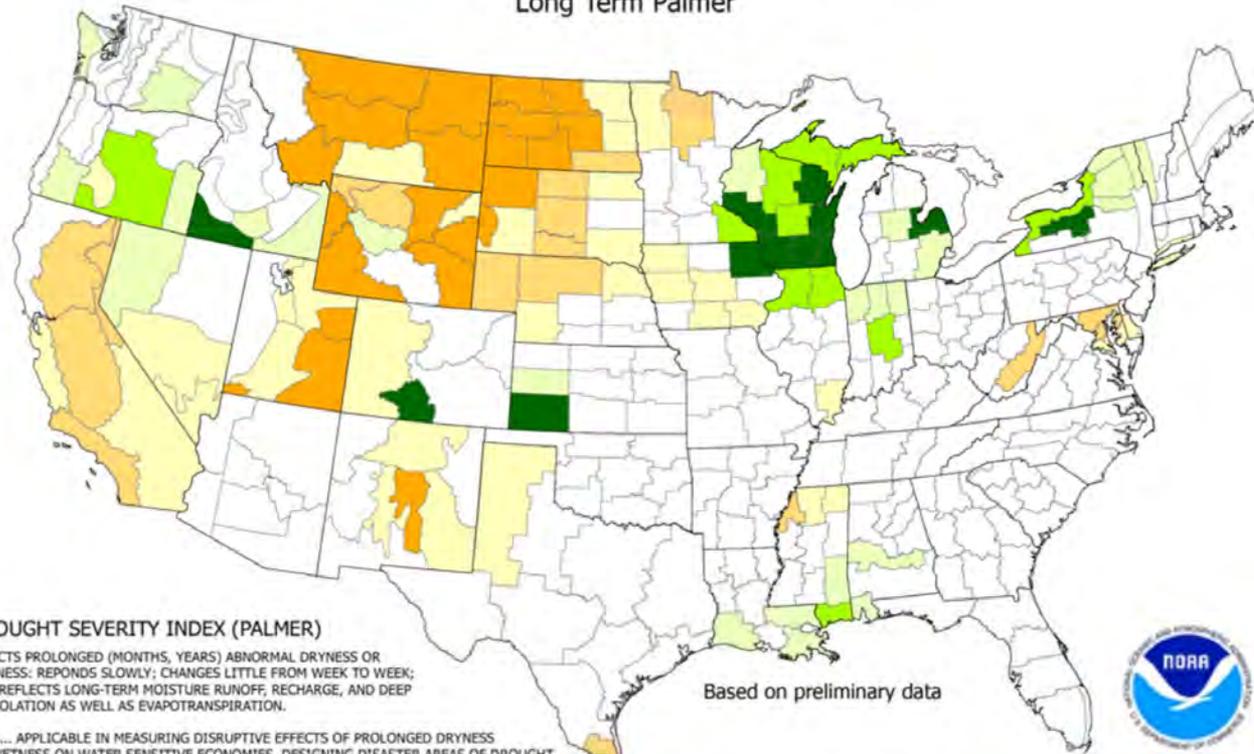
Net farm income is forecast to drop again this year to \$62.3 B

Worry that other countries will fill export voids left as Trump's team tries to cut new deals

Ag exports usually top list if countries decide to retaliate

# Drought and floods add to uncertainty

Drought Severity Index by Division  
Weekly Value for Period Ending Jul 22, 2017  
Long Term Palmer



**DROUGHT SEVERITY INDEX (PALMER)**

DEPICTS PROLONGED (MONTHS, YEARS) ABNORMAL DRYNESS OR WETNESS; REponds SLOWLY; CHANGES LITTLE FROM WEEK TO WEEK; AND REFLECTS LONG-TERM MOISTURE RUNOFF, RECHARGE, AND DEEP PERCOLATION AS WELL AS EVAPOTRANSPIRATION.

USES... APPLICABLE IN MEASURING DISRUPTIVE EFFECTS OF PROLONGED DRYNESS OR WETNESS ON WATER SENSITIVE ECONOMIES, DESIGNING DISASTER AREAS OF DROUGHT OR WETNESS; AND REFLECTING THE GENERAL LONG-TERM STATUS OF WATER SUPPLIES IN AQUIFERS, RESERVOIRS AND STREAMS.

LIMITATIONS... IS NOT GENERALLY INDICATIVE OFFSHORT-TERM (FEW WEEKS) STATUS OF DROUGHT OR WETNESS SUCH AS FREQUENTLY AFFECTS CROPS AND FIELD OPERATIONS (THIS IS INDICATED BY THE CROP MOISTURE INDEX).

Based on preliminary data



- 4.0 or less (Extreme Drought)
- 3.0 to -3.9 (Severe Drought)
- 2.0 to -2.9 (Moderate Drought)
- 1.9 to +1.9 (Near Normal)
- +2.0 to +2.9 (Unusual Moist Spell)
- +3.0 to +3.9 (Very Moist Spell)
- +4.0 and above (Extremely Moist)

## NAFTA: An important test to U.S. farmers



- NAFTA talks begin Aug. 16
- Sec. Perdue met with his Mexican counterpart, José Calzada Rovirosa last week
- USGC: “Strong but unconfirmed evidence that Mexico is slated to purchase between seven and eight cargoes of corn from South America beginning in August and September.”
- U.S. farm groups: Do no harm! Follow-through on access negotiated under TPP.

## Despite uncertainty, U.S. exports looking up

- FY 2017 agricultural exports are projected at \$137.0 billion, up \$1.0 billion from the February forecast.
- Grain and feed exports are forecast at \$29.0 billion, up \$400 million, driven by a larger volume for wheat and higher unit values for rice.
- Cotton exports are forecast up \$400 million to \$5.4 billion as the United States continues to gain market share across major markets.
- Oilseed and product exports are forecast at \$31.7 billion, up \$100 million due to an expected increase in soybean product exports.
- USDA reorganizing to add new Under Secretary for Trade



## Parting thoughts.....

- More marketplace disruption than ever before
- Big six chemical companies becoming big three  
ChemChina/Syngenta  
Dow/DuPont  
Bayer/Monsanto
- Amazon acquiring Whole Foods
- Consumers demanding more information, data, transparency
- More consumer interest in functional foods, branded commodity products
- Farmers embracing data for efficiency, sustainability, traceability; new technologies like gene-editing
- Are we thinking big enough about the opportunities?



Ren Jianxin

Thank you!

The screenshot shows the AgriPulse website interface. At the top, there's a navigation bar with categories like POLITICS, FARM HANDS, ENERGY, FOOD & NUTRITION, LABOR & IMMIGRATION, FARM BILL, RURAL, and INTERNATIONAL. The main content area features a large article titled "Tennessee lifts avian influenza restrictions" with a photo of chickens. Below this are several smaller news snippets with images and titles: "REAP, by the numbers, may surprise you", "Facebook to power new data center with 100 percent renewables", "NFU pushes White House to keep climate change agreements", and "Buying or renting, acquiring farmland is not for the faint of heart". At the bottom, there's a section for "AgriPulse OPEN MIC INTERVIEW" featuring Rep. John Shimkus.



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