Despite trade deal, Farm Bureau doesn't want subsidies ceased

Majority of delegates voted against changing policy

By MATEUSZ PERKOWSKI
Capital Press

Sonny Perdue

Scott VanderWal

Despite cheering recent trade deals, the American Farm Bureau Federation has decided to continue its support for agriculture subsidies intended to relieve tariff impacts.

The Trump administration approved farm subsidies worth about $12 billion in 2018 and $16 billion in 2019 to counteract retaliatory tariffs imposed on agricultural goods by China.

Now that U.S. trade tensions with China appear to be subsiding due to the phase one agreement struck by the Trump administration, the USDA isn't expected to fund another round of subsidies in 2020.

USDA Secretary Sonny Perdue told Farm Bureau members their support was key in helping the Trump administration hold its ground in tough trade negotiations with China.

"The president said 'enough is enough' and we're going to reset that relationship," Perdue said.

While Perdue said farmers can definitely count on receiving the third and final payment of the $16 billion in subsidies approved last year, he hinted that further subsidies would not be forthcoming in anticipation of rising exports.

"We'd rather have trade than aid," he said. "Now let's grow stuff and sell stuff."

Perdue acknowledged there was "a lot of financial anxiety" about the retaliatory tariffs imposed by China and "a lot of naysayers" regarding President Donald Trump's strategy.

"There still are. They say, 'Where is the proof in this?'" he said. "You're going to see the proof."

The agreement established by U.S. negotiators has "real teeth of enforceability" unlike previous deals, Perdue said. "We will have a tracking mechanism to show the president: This is how China is doing weekly, monthly, to meet the goals."

Scott VanderWal, AFBF's vice president, said the message from USDA was clearly that farmers shouldn't expect trade assistance in 2020, though it's still possible that Trump may reverse that decision.

Before the AFBF would change its policy that calls for the continuation of subsidies through the USDA's "Market Facilitation Program," the organization wants to ensure that agricultural trade with China resumes as projected, he said.

Under the phase one trade deal, China has committed to buy up to $40 billion worth of farm products in each of the next two years, roughly double its import level before the trade war.

"I believe what our members are saying is: 'Show us the results,'" VanderWal said. "If the markets pick up and the grain starts moving again, our members will be absolutely satisfied."

The decision to retain AFBF's trade assistance policy was made Jan. 21 during the organization's annual convention in Austin, Texas, when state delegates voted on its official positions regarding international trade and other issues affecting agriculture. Those policies will then guide AFBF's lobbying efforts in Washington, D.C.

Some delegates favored removing provisions that called for a continuation of trade assistance, noting that AFBF did not want to create a permanent policy for a temporary market disruption.

This argument was countered by delegates who felt it's too early to stop supporting the Market Facilitation Program.

"Our problems aren't fixed just yet," said one delegate. "We can take it out next year, but we should leave it in for now."

"We'd be in a lot of hurt if we didn't have this kind of language," said another delegate.

After this proposal was defeated, another amendment was proposed to call for subsidies to be continued only until the trade dispute with China had ended. However, this change also failed to pass muster with a majority of the voting delegates.

For one thing, it's unclear when the trade conflict will be truly concluded, as it could require several incremental steps past the current phase one, a delegate argued.

"How are you going to define 'resolved?'" he said. "What if we go to a phase four or a phase five of the agreement?"

Another potential problem is that market-distorting trade conflicts may not be limited to Chinese retaliatory tariffs against agriculture, said another delegate. "I don't think we should add these words because China is not our only trading partner."

Similar arguments were used against an amendment that would simply call for an end to subsidies with the conclusion of "tariff-distorted market conditions." Opponents of the revision said that was also too ambiguous regarding a "cut-off date."

Farmers who wanted to specify that trade assistance subsidies should stop at some point countered that under this philosophy, the reliance on "magic money" could go on forever.

"We'll never had a perfect trade situation," said a pro-change delegate.

"The delegate body obviously has mixed feelings about whether our profits should come from the marketplace or from the government," said another.

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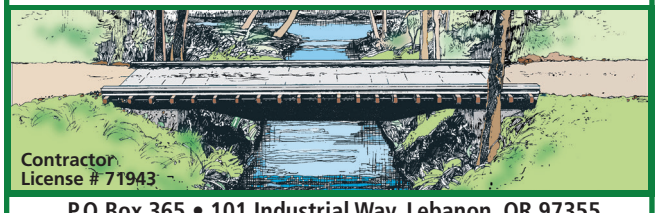

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Driverless farm machinery may lead to new business model

Fee-for-service likely to become more popular, experts say

By MATEUSZ PERKOWSKI
Capital Press

Farb Guidance Systems

Driverless tractors and other autonomous equipment will likely usher in a new business model for farmers, experts say. Instead of owning and operating the machinery, they will hire it for various types of field work.

AUSTIN, Texas — As agricultural equipment gains enough "artificial intelligence" to become fully autonomous, it's likely to change the on-farm role of machinery, experts say.

The cost and complexity of owning and maintaining driverless farm machinery may steer agriculture toward a fee-for-service model instead of growers buying equipment outright, according to experts at the American Farm Bureau Federation's annual convention in Austin, Texas.

Farmers may instead choose to become specialists in certain operations and then hire autonomous machinery for seasonal tasks instead of buying it, said Scott Shearer, professor and chairman of food, agricultural and biological engineering at Ohio State University.

"The mindset has always been the farmer owns the machinery," he said on Jan. 20. "I think we will need to reconsider how we manage iron in the traditional sense."

The historic trend toward larger machines that can cover more ground may also diminish as equipment becomes fully self-operating, Shearer said.

Building bigger tractors, for example, makes sense when they're dependent on a human operator who becomes more productive as their size increases.

However, with autonomous farm vehicles, people will likely shift to supervising multiple machines operating 24 hours a day instead of individuals directly operating them. At that point, smaller vehicles can be just as effective while reducing labor.

An added benefit would be decreased soil compaction, which would improve crop yields, Shearer said.

The turning point toward smaller size will come when farm machinery can run entirely without direct human control, he said. "I don't think we'll see small autonomous equipment until we take the operator off the equipment."

The prospect of autonomous machines operating on farms isn't in the realm of science fiction, as nearly 30 companies across the world are close to commercializing self-operating farm equipment, Shearer said.

One company has already manufactured 20 tractors that it intends to rent out. They are expected to drastically reduce the annual cost of such operations as spraying, he said.

For machines that still rely on human operators, the interface that growers use to operate equipment is already evolving, said Chad Colby, owner of Colby Ag Tech.

Farmers who have grown accustomed to a specific brand of machinery are typically confused when encountering the controls of another make of equipment, he said.

Manufacturers are now looking to replace steering wheels and similar manual controls with touch screens that are immediately intuitive, he said.

"It works as easily as my smart phone," Colby said.

It will be worthwhile for farmers to spend more on machinery that will leave less room for operator error, he said. Ensuring that equipment will perform optimally regardless of who's running it will pay dividends by reducing waste.

Avoiding even "one percent yield loss pays for that automation pretty quickly," Shearer added.

Aside from machinery that performs field operations, agriculture is also witnessing advances in equipment that monitors and analyzes crops.

Testing equipment is being developed that can detect a plant disease two weeks before symptoms become visible, Shearer said.

Such equipment is also shrinking and becoming more efficient, he said. "It used to be we took tissue samples to the lab. Now we take the lab to the field."

While the outlook for agricultural technology is inspiring, experts say the industry does face constraints in adoption.

Obviously, when crop prices are low and farmers don't have available money to invest, adoption rates suffer, Shearer said. "When something has to give, it's going to be new equipment."

Another problem in some rural areas is a lack of high-speed broadband internet, Shearer said.

The installation of underground cables needed for broadband service has been slowed by logistical problems, such as crossing railroad tracks and interstate highways, he said,

For "connectivity" among autonomous machines and computers, though, high speed internet is "a must, or you won't be able to use it," he said.

The USDA recognizes the economic need for high-speed internet in rural areas, not just for precision agriculture applications but also for "e-commerce" and other business and educational demands, said Sonny Perdue, the agency's secretary.

Judges are Trump's legacy to farming, experts say

By MATEUSZ PERKOWSKI
Capital Press

AUSTIN, Texas — The rapid pace of federal judges appointed by the Trump administration is pushing the federal bench rightward on issues of critical importance to farming, experts say.

"The federal judiciary is at a turning point," said Tony Francois, senior attorney for the Pacific Legal Foundation, which advocates for property rights.

Reshaping the federal judiciary will likely be remembered as one of Trump's most enduring contributions to agriculture, according to speakers at the American Farm Bureau Federation's annual convention in Austin, Texas.

"They continue affecting our lives long after the president who appointed them has left the White House," said Ilya Shapiro, director of constitutional studies with the Cato Institute libertarian think tank.

Since taking power in 2017, President Donald Trump has appointed 187 federal judges to the bench — more than each of his immediate three predecessors did during two terms in office, Shapiro said.

He has also "flipped" three appellate courts — the 2nd, 3rd and 11th Circuits — to a majority of Republican-appointed judges and has steered the traditionally liberal 9th U.S. Circuit Court of Appeals more toward the center, he said.

Republican-appointed judges on the 9th Circuit are now outnumbered by only three seats, compared to 11 seats before Trump took office.

The 9th Circuit, which has jurisdiction over nine Western states, is considered to lean left not because of the progressive orientation of the West Coast, but rather because Congress added multiple new seats to it during the Carter administration, Shapiro said.

"They've stayed in the Democratic family, if you will," he said.

Now, five other federal appellate circuits have more Democrat-appointed judges than the 9th Circuit, he said. "In that statistic, it is not the most left-wing court."

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