Economic Conditions in Wheat Country

2018 Farm Bill Provides Needed Certainty:

- The 2018 Farm Bill passed with historic bipartisan support in both the House and Senate and implementation is underway; wheat farmers are facing continued years of low prices and need access to the improvements and stability created in the Farm Bill.
- The 2019 Crop Year was particularly challenging for farmers across America who experienced weather related hardships during planting and harvest.
- Wheat growers look forward to working with you in opposing efforts to undermine the Farm Bill through other legislative vehicles and as the U.S. Department of Agriculture (USDA) continues its implementation of the 2018 Farm Bill.

Wheat Prices:
Wheat farmers have seen several years of continuous low commodity prices. The drop-in commodity prices have been much faster than the change in cost of production. The expectation of continued low prices has contributed to some of the lowest wheat acreage in the U.S. in history. Farmers are having a difficult time making ends meet, and many are seeking help through the Farm Service Agency’s (FSA) direct and guaranteed operating and ownership loan programs.

Farm Income:
Net cash farm income is the cash available to farmers to draw down debt, pay taxes, cover family living expenses, and to invest. It has been down nearly 70 percent since 2013 for wheat farmers. US farmers aren’t competing on a level playing field, as other major wheat-producing countries like China have been violating their WTO trade commitments in how they support their farmers and tariff-rate quotas (TRQ) administration, ultimately driving down world prices.
Weather and Natural Disasters:
Each crop year, farmers put a significant personal financial investment into simply putting a crop in the ground. Crop insurance is a critically important tool that helps prevent farms from going under when disaster strikes. Additionally, disaster aid through WHIP+ has also provided needed help to farmers. Without affordable crop insurance and flexible disaster programs, a flood or a drought could wipe out a family farm in a single season. This past year, farmers faced significant challenges during planting and harvest. During the planting season, excess moisture delayed the fall and spring plantings or, in some cases, wiped out the planted crop. Extreme weather continued to plague farmers during harvest, where heavy rains early snowfall prevented many farmers from being able to harvest their crops and caused significant quality problems driving down farm gate prices.

What Can Be Done
By many measures, the farm economy is struggling. Adding to farm economy stress leads to volatility in our international markets, and uncertainty surrounding current and pending trade negotiations are making it more and more difficult for growers to maintain their operations. U.S. farm sector working capital has declined more than $100 billion dollars in just 5 years. As farmer income drops, liquid cash reserves have been depleted. The rapid decline in farm sector working capital illustrates how important it is for the 2018 Farm Bill to be implemented swiftly.

Key Elements for Effective Farm Bill Implementation
- INFORMATION: ensure producers have access to as much information as possible before requiring decisions to be made.
- FLEXIBILITY: The USDA should recognize the unique growing conditions farmers experience across the country and be flexible in how programs are implemented.
- PRODUCER INPUT: as new rules and programs are put in place, USDA should continually engage farmers throughout the process to ensure they work effectively.

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