National Corn Growers Association Recommendations for USDA's Trade Mitigation Plan II

Trade disputes and tariffs, demand destruction in the ethanol market, devastating weather conditions, stagnant farm incomes, and crumbling infrastructure have combined to create a perfect storm for agriculture.

NCGA's farmer members appreciate President Trump's intent to provide farmers with assistance to make up for potential agriculture losses due, in part, to the most recent tariff increases and prolonged trade dispute with China. NCGA also recognizes the significant work such an undertaking requires of USDA and its employees.

However, a replication of last year's Market Facilitation Program (MFP), which set the payment rate for corn at just one cent per bushel, would be insufficient to come close to offsetting the harm corn farmers are experience in the marketplace. When USDA constructed its 2018 trade mitigation package, NCGA shared analysis that showed trade disruptions had cost $0.44/ bushel, a $6.3 billion loss to corn farmers. An update to that analysis, capturing corn market impacts from May 2018 to April 2019 showed an average price loss of $0.20/bushel. In March and April of 2019, as trade talks with China lagged on, that loss widened again to closer to $0.40/bushel

In the interest of representing corn farmers' needs and partnering with the Administration in this effort, NCGA is asking the Administration to take the following actions to provide both short-term and long-term assistance to farmers.

Requested Actions

- Resolve ongoing trade disputes and tariffs so that we can focus efforts on USMCA ratification, negotiations with Japan and other new trading partners.

- Update the Market Facilitation Program (MFP) to factor market impacts into the calculation of MFP payment rates. Modifying the program in this way would more equitably address the real-time market impacts of trade disruptions.

- Repeat the success of the Agricultural Trade Promotion (ATP) program by offering another round of competitive funds to Cooperators and State and Regional Trade Groups (SRTGs) to conduct export market development activities.

- Direct the Environmental Protection Agency to complete rulemaking to allow year-round E15 by June 1, without attaching counterproductive RIN market changes that undermine biofuels blending, preventing disruption in E15 sales.

- Direct the EPA to reject the 40 small refinery exemption petitions pending for the 2018 compliance year. Large and profitable refineries do not need RFS waivers. Since early 2018, EPA has granted 53 RFS exemptions totaling 2.61 billion ethanol-equivalent gallons of renewable fuel. The 2017 RFS waivers effectively reduced the 15 billion-gallon implied ethanol volume to 13.18 billion gallons, rolling back the RFS to pre-2013 blending requirements. As a result, ethanol consumption declined for the first time in 20 years and USDA's most recent WASDE projects a 155 million bushel decline in corn going to ethanol production in the 2018/2019 marketing year.

- EPA must also account for SREs in the 2020 annual Renewable Volume Obligation (RVO) rule. The proposed rule, currently under review at OMB, must include projected waived gallons so that any future waived gallons are reallocated, fulfilling EPA's obligation under the law to ensure RFS volumes are met.

- EPA should use the pending RFS reset process to adjust implied conventional ethanol volumes upward to ensure statutory volume targets are met, restoring 2.61 billion ethanol-equivalent gallons lost to retroactive refinery exemptions for the 2016 and 2017 compliance years.

- EPA should follow through on its April 11, 2019 notice to provide basic transparency for the small refinery waiver process.