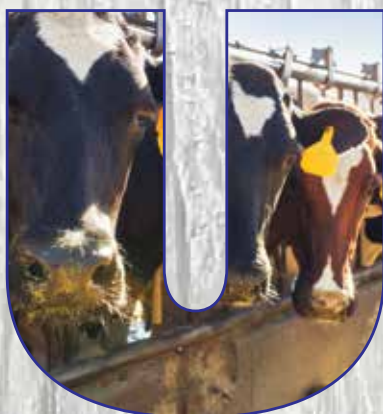




PRESIDENTIAL CAMPAIGN BRIEFING

Ag CEO Council





AG CEO COUNCIL



WHO WE ARE

We are the CEO's of the farm and commodity organizations and key supplier industries that make up a large segment of U.S. agriculture (the Council).



WHY FARMERS, SUPPLIERS, AND RURAL COMMUNITIES MATTER POLITICALLY

The current pandemic has magnified the importance of U.S. agriculture and fragility of supply chains and its impact on the food security of our nation for all consumers. Food security sustains national security.

America's food and agriculture sectors are responsible for nearly one-fifth of U.S. economic activity, directly supporting 23 million jobs or 15% of U.S. employment, and contributes \$7 trillion in direct and indirect economic output.¹ Farmers and their agribusiness partners are the economic backbone of our rural economies.

Since 2012, real net cash farm income has fallen by 30% and in the face of COVID-19, American agriculture faces more severe economic stress and desperately needs support and attention from policymakers.²

Farmers are deeply patriotic and politically active and drive outcomes at the local, state and national levels.



WHAT WE CAN OFFER TO THE CAMPAIGN

A discussion with our Council or individual organizations could help the campaign inform the candidate and running mate on agricultural and economic issues and to help develop messages that will resonate positively with rural America.

The organizations in the Council can serve as an information resource for campaign positions.

American farmers are independent and have diverse political alignment within our organizations. Therefore, member organizations of the Ag CEO Council do not endorse presidential candidates of either party, nor does the Council itself. But the campaign would benefit significantly by being able to thoughtfully discuss the key issues that matter to the industry and to rural America – a constituency that historically has significant influence in electoral outcomes and whose issues resonate with the electorate.

We look forward to engaging with you on these issues during the remainder of the 2020 campaign and beyond.

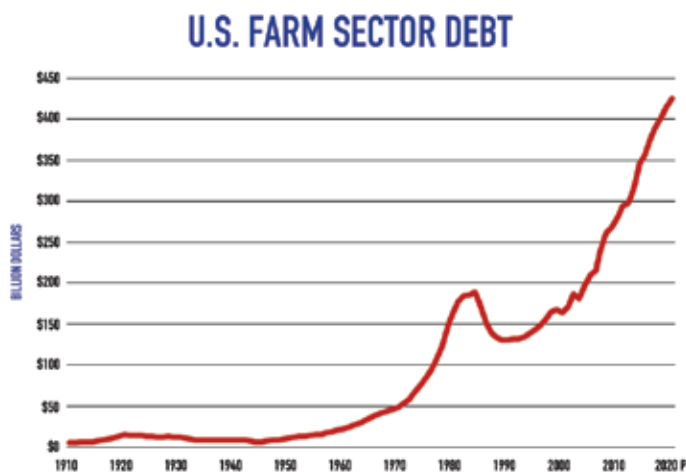
¹ Source: FeedingTheEconomy.com, 2020

² Source: USDA Economic Research Service Farm Sector Income and Finances, 2020

CURRENT STATUS OF AMERICAN AGRICULTURE

Economic Health of U.S. Agriculture is poor and deteriorating

- Low commodity and livestock prices as a result of trade retaliation, demand shifts resulting from COVID-19, and other causes is expected to result in a decline of net farm income this year of \$3 billion and net cash income to decline by \$18 billion, even factoring in current federal support programs.³



- These challenges have resulted in reduced farmer equity, and record-high farm debt at \$425 billion has contributed to increased loan delinquency rates and farm bankruptcies.⁴
- Chapter 12 family farm bankruptcies increased 23% in the 12 months ending March 2020, the third-highest annual total in 20 years.
- Further consolidation of small- and medium-sized farm operations, i.e., the shrinking middle, continues to impact rural economies and has contributed to over extended healthcare, infrastructure, and educational resources.
- Poor economic conditions in agriculture alongside increased opioid abuse in rural areas and limited healthcare resources has accelerated mental health challenges faced by farmers in rural America.

- Young farmers face additional challenges including access to working capital and credit, high debt levels and lack of health care.
- Limited broadband connectivity hinders access to online education, telehealth care, off-farm income and ability to use farm management tools.

The economic conditions are caused by

-  Trade retaliation, non-tariff trade barriers, foreign currency devaluations, trade-distorting foreign subsidies and dumping on global markets makes U.S.-produced agricultural products less competitive in global markets and in some cases domestically.
-  Increased frequency of weather-related natural disasters, i.e., hurricanes, wildfires, flooding and drought. For example, in 2019, more than 19 million acres were unplanted due to record precipitation and historic flooding.
- While our supply chains are highly efficient, the lack of surplus storage and disruptions to processing capacity exposed by COVID-19 has disrupted supply chains, shifted consumption patterns from 650,000 food service facilities (restaurants, take-out and catering/delivery services) to 40,000 grocery stores nationwide, interrupted processing of agricultural commodities and biofuels, forced extensive and ongoing euthanization of swine and poultry and the disposal of perishable fruit and vegetable and dairy products, collapsed the demand for oil and biofuel products, and reduced demand for clothing and textile products which, in turn, diminishes demand for cotton.
- Disruptions that restrict access to EPA-approved crop protection tools in the middle of the growing season create uncertainty and added costs to farmers.

³ Source: Food & Agricultural Policy Research Institute (FAPRI) June 2020 Baseline Update for U.S. Agricultural Markets

⁴ Source: USDA Economic Research Service Farm Sector Income and Finances, 2020

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Our farmers and ranchers face a critical shortage of legally authorized and experienced workers, which negatively impacts our economic competitiveness, local economies, and jobs.
- Lack of access to rural broadband has put farmers, ranchers, and rural residents at a disadvantage by hindering the deployment of precision ag technology, limiting access to educational opportunities, constraining healthcare facilities and services and other impacts.

A Diverse and Inclusive Next Generation is Essential

The future of U.S. agriculture is bright, and people of color are a critical part of that future. The recent killings of George Floyd and other black Americans point out the need to root out racism and address the biases and prejudices that create hardship and block opportunity for black Americans and other people of color in our society – in rural America as well as our nation’s cities and towns. Agribusiness and production agriculture are a substantial part of the nation’s rural economy and can help lead positive change that creates a more just and equitable society.

Who will be the farmers of the future? The average age of the U.S. farmer is 57.5 years. Advancing U.S. agriculture into a new future will require a diverse, highly skilled, and hardworking next generation of human talent. Our investment in the young, beginning, racially diverse, veteran, women, and minority farmers is essential. Learning agricultural production skills to be a successful farmer is complex and challenging. Adding in skills for research, rural entrepreneurship, new market development, establishment of agribusinesses, leading new precision technologies, are some but not all of the future needs for a modern post-COVID-19 food, agriculture, and natural resource community. In addition to many USDA-led programs that build partnerships and public

engagement, we as agricultural organizations look forward to identifying new efforts to establish agriculture as the leading sector for new job opportunities and new ambition to steward our country’s national security through providing safe, affordable food.

Priorities for the next 4 years and beyond

1. COVID-19 Vaccine & Testing

The COVID-19 pandemic awakened many Americans to the realization that stocked grocery store shelves should not be taken for granted. Farmers and ranchers experienced enormous losses as the food supply chain adapted to changing demands and pandemic impacts. The ag industry has stepped up to help meet demands in many ways, including shifts in the supply chain, the biofuel industry transitioning to make hand sanitizer, cotton textile manufacturers producing PPE and other medical textile products, and others. Agriculture’s role in our national security became much clearer to many. Development of a vaccine, access to widespread testing and PPE products, and development of a plan to address future pandemics should be achieved as quickly as possible to protect workers in the processing/supply chain, restore consumer confidence, and reestablish restaurant and institutional demand.

2. Farm Policy = Consumer Food, Feed, Fuel and Fiber Security = National Security

Farming is one of the most important and riskiest businesses in our nation and requires a strong safety net, on-farm conservation assistance, and risk management tools provided in farm policy. Farmers borrow more money each year to plant their crops or raise their livestock than most people borrow in a lifetime and lenders need a strong safety net in order to provide the cash needed to finance these farming operations.

Long before a crop is harvested, cows are milked, or livestock are ready for market, farmers hope that weather, trade relationships, markets, labor availability, transportation, exchange rates and other variables will cooperate. An adverse change in any of these variables can erase farm profits for the year, and those strains are felt by all in the supply chain.

Programs in the Farm Bill, set to be renewed in 2023, provide key safety net and risk management tools for farmers, as well as critical assistance to help farmers implement resource-conserving practices on the farm, create value added markets through the promotion and development of advanced biofuels and biobased technologies, and authorize trade promotion programs that help grow current and build new markets abroad for U.S. agricultural goods. U.S. farmers have enrolled more than 140 million acres in federal conservation programs, equal to the land area of California and New York. Millions more acres are dedicated to voluntary and state-led conservation programs. Sustained, well-funded, effective and predictable policy through the Farm Bill is necessary to address the threats that farmers have faced historically as well as new threats we now face to provide a consistent supply. This includes defending and strengthening crop insurance for risk management that is affordable and flexible for all producers. It is more apparent now than ever that reliable food supplies and stable prices are critical for the United States' long-term prosperity and economic well-being.

3 Trade Agreements



Completed and ratified bilateral and multilateral agreements should have significant benefits to American agriculture as our competitors are finalizing and implementing new trade agreements with top markets for U.S. agricultural products and

potential new markets. A functioning WTO is also critical to U.S. agriculture trade:

- 95% of the world's population lives outside the U.S. Our agricultural products can meet the demands of citizens around the world by providing food, feed, fiber and energy.
- U.S. agriculture has had a positive trade balance for decades and is one of the few consistently positive contributors to the U.S. balance of trade. For example, over the last decade, U.S. agriculture has contributed over \$300 billion to the U.S. trade surplus.
- Increased farmer income from the market, through higher prices and revenues, will require less government expenditures.
- Ensure trade agreements establish rules to provide for science and risk-based decision making to enable the use of modern agricultural tools such as biotechnology and crop protection.

4 Biofuels



The Renewable Fuel Standard (RFS) program has enabled American agriculture to be a major contributor to our nation's fuel security while decarbonizing

the transportation sector. The RFS has added value to America-grown corn and soybeans, reduced our reliance on imported oil, and revitalized communities by creating high skilled jobs throughout rural America. Continued support for the RFS, including increasing annual volume requirements and developing advanced biofuel technologies from new feedstocks, will be integral to the success of the biofuels sector and lead to greater reductions of greenhouse gas emissions.

5 Research



Immediate and intensive innovation is needed if agriculture is to feed 9 billion people or more by 2050. There are only 30 harvests remaining to increase our productivity by 50% to 70%. We can meet this goal by producing more crops and raising more livestock on less land, efficiently using resources in the most sustainable manner and with crops that can survive a changing and more unstable climate. But this cannot be achieved without aggressive research resulting in innovative solutions. Public sector investments made into agricultural research have a very high return on investment – 67%, according to a report⁵ from Iowa State University's Center for Agriculture and Rural Development. However, federal investments in agriculture research have been declining. Research discoveries from America's land grant universities, from their scientific partners at USDA, and from private sector research are vital to improving our nation's health and economy.

6 Labor



There is a shortage of U.S. workers willing and able to perform farm work, which impacts farmers today and jeopardizes the future success of U.S. agriculture. Picking fruits and vegetables, irrigation and harvesting of crops, milking cows, etc., require farming operations to have access to many workers. Access to a stable, legal workforce is imperative not only for the success of U.S. agriculture, but rather all Americans have a stake in this issue. Each of the 2.4 million⁶ hired farm employees working on American farms and ranches supports two to three full time jobs further down the value chain in the

food processing, transportation, farm equipment, marketing, retail, and other sectors. Without an adequate workforce, it is not just America's farms, ranches, and nurseries that will suffer, but the broader economy as well. Our current, experienced workforce must be preserved and programs such as the H-2 visa programs must be maintained and expanded to meet all labor needs, including those with year-round work, to protect the global food supply chain.

7 Rural Broadband



Access to broadband is absolutely essential for rural economies, health care, education and agriculture technology, and in order to retain the next generation of farmers. It is clear we must connect every American to the internet. Some 24 million Americans lack access to broadband internet connectivity, 19 million of whom reside in rural America. This means 40% of the nation's schools and 60% of healthcare facilities outside metropolitan areas lack internet connectivity. Today, resilient agriculture relies on innovative crop and livestock production approaches that require internet connectivity to run equipment, and collect valuable data from sensors, using machine learning and artificial intelligence. In rural communities, a lack of rural broadband has even more staggering impacts to economic, health, education, and other inequities. While rural broadband providers continue to work to connect households and businesses to broadband networks, the Federal Communications Commission (FCC) has limited mapping data on current rural broadband connectivity – inhibiting efficient and effective use of the pilot programs and funding streams at other agencies that may be used for investment in rural broadband networks. Improving digital connectivity will advance rural resiliency, rural communities, agriculture, and the country.

⁵ Source: <https://lib.dr.iastate.edu/agpolicyreview/vol2016/iss1/3/>

⁶ Source: https://www.nass.usda.gov/Publications/AgCensus/2017/Full_Report/Volume_1,_Chapter_2_US_State_Level/st99_2_0007_0007.pdf

8 Infrastructure and Competitive Modes of Transportation



Competitive barge, rail and truck transportation are essential for the flow of inputs **TO** the farm and products **FROM** farm to markets both domestically and

abroad. Continued investment in improving and modernizing infrastructure provides an essential underpinning not just to agriculture but to our entire economy. Restoring our critical infrastructure, such as rural roads, bridges and locks and dams, will create American jobs and enable agriculture to maintain a demonstratable edge over foreign competitors. Regulation in this arena must be thoughtful, efficient and effective – achieving goals for safety and other metrics while seeking ways to remove unnecessary burdens to shippers and contain anticompetitive behavior.

9 Sustainability and Climate

Agriculture accounts for less than 10% of total U.S. emissions, far less than transportation, electricity generation, and industry sectors. Farmers continue to produce more with greater efficiency. In fact, U.S. agriculture would have needed nearly 100 million more acres in 1990 to match 2018 production levels.

The United States can and should lead by continuing to identify and utilize sustainable agriculture practices that preserve and protect our air, soil and water. At the same time, we must continue to grow the rural economy. Additionally, if the global community is to accomplish the United Nations Sustainable Development Goals related to hunger, poverty and food security, agriculture has a critical role to play. Future crop protection tools and technology – innovative pesticides, new application methods, and integrated data about cropping patterns, pest control and nutrient needs – will continue to reduce the environmental footprint of agriculture while feeding a growing world population.

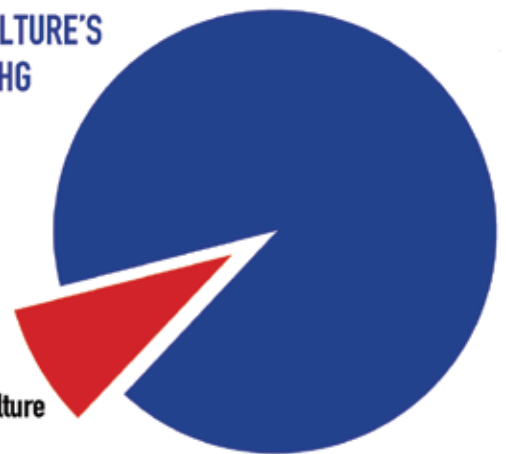
- Sustainability Practices: Agriculture has already made tremendous progress through public, private, and public-private sustainability programs that assist farmers with implementing changes that reduce greenhouse gas emissions, improve water quality, build soil fertility and sequester carbon. For example, the 4R Nutrient Stewardship program* (4Rs - using the **RIGHT** fertilizer source at the **RIGHT** rate, at the **RIGHT** time, and in the **RIGHT** place), identified by the Fourth National Climate Assessment as an effective tool to mitigate impacts from a changing climate, provides a framework to help farmers to achieve the shared goals of increased production and profitability, enhanced environmental protection, and improved sustainability.

By implementing 4R practices combined with the use of advanced seeds and no-till farming, a corn farm in Illinois was able to reduce costs by \$16 to \$24 per acre while achieving average yields of 256 bushels per acre and a 34.7 percent reduction in CO₂ equivalent emissions.

- Innovation: Advances in renewable energy, precision agriculture, genetics, and information technology are innovations being used today by the American farmer who understands that they must adapt and innovate to provide food and meet consumer expectations.

U.S. AGRICULTURE'S
SHARE OF GHG
EMISSIONS,
2018

9.9%
Total Agriculture



* <https://nutrientstewardship.org/4rs/>

Livestock producers are improving the storage and application of manure to better utilize manure nutrients to grow crops and produce renewable energy. While existing innovations, such as feed additives for ruminant livestock, have been demonstrated to reduce methane levels in these animals by up to 30%, improved animal genetics will enable livestock to adapt to a warming world while lowering greenhouse gas emissions in protein products.

According to the U.S. Department of Agriculture, the greenhouse gas (GHG) emissions from corn-based ethanol are 43% lower than gasoline when measured on an energy equivalent basis – even when land use change is included. The use of ethanol in gasoline in 2018 reduced CO₂-equivalent GHG emissions from transportation by 55.1 million metric tons – equivalent to removing 11.7 million cars from the road for an entire year. Additionally, the development of renewable chemicals and biobased products from biomass has already removed 12.7 mmt of CO₂ from the manufacturing sector and added nearly \$460 billion to the U.S. economy. The biofuels industry has created thousands of jobs while significantly reducing carbon emissions.

The broad utilization of biotech crops has already reduced CO₂ emissions and enabled farmers to produce more crops on less land. In the future, through animal and plant breeding innovations, effective pesticide products, expansion of the biobased economy, and innovative plant nutrition, agriculture can continue to reduce its environmental footprint.

Each of these are examples of how agriculture innovation can be at the forefront of a climate plan that helps ensure our future.

10 Nutrition & Health

Consumers around the world have become more interested in and conscious of where their food and fiber come from, how it is produced, and the nutritional value of what they eat. These market forces have created millions of jobs and spurred investment by the livestock and commodity

industry by funding and finding responsible and renewable production methods and practices that bring greater nutritional efficiency to people around the world. In addition, the creation of specialized product streams provide additional sources of revenue for farms, new food processing jobs and more products to meet consumer demands.

America should continue its leadership in feeding the world. Domestically, federal nutrition programs – from school meals to WIC and SNAP - provide an integral opportunity to support agriculture, deliver improved nutrition and prevent hunger and diet-related chronic disease. Internationally, U.S. agricultural goods provide vital nutrition and life-saving products to malnourished populations around the world through programs like Food for Peace, Food for Progress, and the McGovern-Dole International Food for Education program. As global food insecurity is at an all-time high since WWII and projected to double by the end of the year due to the pandemic, investments in these programs must be continued to help reach the most vulnerable populations.

GENERAL POLICY PRINCIPLES

Predictability, consistency, and reliability of policy

America's agricultural industry needs regulatory predictability, consistency, and reliability for our federal, state, and local governments.

A consistent and predictable regulatory climate that fosters innovation and provides certainty is critical for producers. Science and data-based regulation, subject to the laws passed by Congress and tempered by cost/benefit analysis and common sense, are essential for

* <https://legalinstruments.oecd.org/en/instruments/OECD-LEGAL-0278>

healthy food systems. In 1995, the Organization for Economic Cooperation and Development (OECD) laid out principles for good regulation*. These include regulating only where necessary; ensuring the benefits of regulation justify the costs; using the best scientific and technical data available; crafting rules that are practical, flexible, and transparent; considering a broad range of stakeholder perspectives; periodically reviewing for effectiveness and continued necessity; among others. This science-based regulatory approach must be constantly credible and predictable for technology providers to bring innovation to America's farmers. These are laudable principles that we encourage you to consider when forming policy positions.

CONCLUSION

The ten core issue areas we have identified in this brief are critically important to the future of American Agriculture and the food security of our nation. The Congress and Administration must move expeditiously in a bipartisan way to address them. American farmers will help elect and stand by those leaders who understand their challenges and share their vision for solutions. The executives who are members of the Ag CEO Council represent a large segment of U.S. agriculture from the farm gate and throughout the input supply chain. We look forward to engaging with you on these and other issues during the remainder of the 2020 campaign and beyond.





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