

Market Facilitation Program: What is available to cover my marketing losses from trade tariffs?

Yangxuan Liu
Department of Agricultural and Applied Economics
University of Georgia

U.S. Department of Agriculture releases details about the spending plans for \$12 billion in trade aid package for farmers. The main component of the aid package is the Market Facilitation Program (MFP). MFP is authorized under the Commodity Credit Corporation (CCC) and administered by Farm Service Agency (FSA). MFP provides a direct payment to help producers who have been negatively impacted by foreign governments imposing tariffs on U.S. agricultural products.

MFP payment rates will consist of two announced payment rates. The first rate is announced on September 4, 2018 for the first payment rate and applies to 50% of the producer's 2018 actual harvest production. On or near December 3, 2018, if applicable, the second payment rate will be announced and will apply to the remaining 50% of the producer's 2018 production. For each commodity covered, USDA has set the first payment rates for the 50% of the producer's 2018 actual harvested production as follows:

- Cotton - \$.06 per pound, estimate total payments of \$277 million
- Corn - \$.01 per bushel, estimated total payments of \$96 million
- Soybeans - \$1.65 per bushel, estimated total payments of \$3.6 billion
- Sorghum - \$.86 per bushel, estimated total payments of \$157 million
- Wheat - \$.14 per bushel, estimated payments of \$119 million
- Hogs - \$8 a head, estimated payments of \$290 million
- Milk - \$.12 a hundredweight, estimated payments of \$127 million

The signup started on Tuesday, September 4, 2018 until Tuesday, January 15, 2019. For cotton producers, you can sign up with FSA now and update later to FSA with your production record, e.g. ginning records.

MFP payments are capped per person or legal entity at a combined \$125,000 for corn, cotton, sorghum, soybeans and wheat, and another \$125,000 for dairy and hogs. This payment cap applies to MFP only. The \$125,000 payment cap for Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC) payments is a separate cap. Eligible applicants must have an ownership interest in the commodity, be actively engaged in farming and have an average adjusted gross income (AGI) for tax years 2014, 2015 and 2016 of less than \$900,000. Producers will have the option to submit CCC-910's and report production in person, by mail, or electronically to FSA.

Acknowledgements

Appreciation is expressed to the Georgia Cotton Commission for funding support.