

# FSA Implements Market Facilitation Program (MFP)

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Peoples Company Land Managers are currently meeting with farmers to discuss harvest and plans for the coming year. A big part of those conversations include anxiety over market volatility and a bearish forecast for 2019. It's no secret that farmers are feeling under the weather when it comes to current commodity conditions. China is the world's largest importer of soybeans and recent trade wars have had negative effects on commodity exports to China. On July 6th of 2018, China imposed a 25% tariff on American soybean imports in response to President Trump's tariffs on \$34 billion dollars of Chinese imports to the United States. President Trump slapped tariffs on steel, aluminum, and other goods imported to the United States and China retaliated with agricultural tariffs, their largest trade sector from the United States. Soybeans took a direct hit from Chinese tariffs, dropping nearly \$2.00 per bushel from May 2018 to July 2018. These numbers could mean significant losses for farmers who had budgeted for \$10.50 soybeans and are now projected to sell under \$8.00 per bushel after basis at the local elevator.

To combat the drastic losses incurred by farmers, the United States Department of Agriculture (USDA) Farm Service Agency (FSA) is implementing the Market Facilitation Program (MFP) for 2018. The details were announced in a press release by the USDA on Monday, August 27th in Washington, DC. The USDA has authorized up to \$12 billion dollars for relief on 7 agricultural commodities. The program is effective September 4th, of 2018 and subsidizes corn, cotton, dairy, pork, sorghum, soybeans, and wheat.

The chart below summarizes the rate per commodity and totals for the relief program. Soybeans account for a large majority of the program as shown below.

<b>Commodity</b>	<b>Initial Payment Rate</b>	<b>Est. Initial Payment (in \$1,000s)</b>
Cotton	\$0.06 / lb.	\$276,900
Corn	\$0.01 / lb.	\$96,000
Dairy (milk)	\$0.12 / cwt.	\$127,400
Pork (hogs)	\$8.00 / head	\$290,300
Soybeans	\$1.65 / bu.	\$3,629,700
Sorghum	\$0.86 / bu.	\$156,800
Wheat	\$0.14 / bu.	\$119,200
<b>Total</b>		<b>\$4,696,300</b>

\*\*Figures generated by USDA, Initial payment rate based on 50% of total 2018 production

The payment will be based on 50 percent of 2018 total production and calculated by multiplying 50 percent of the producers total 2018 production by the applicable MFP rate. Soybean producers will be paid \$0.82 per bushel on total 2018 production and if the Commodity Credit Corporation (CCC) approves a second payment producers will be paid \$1.65 per bushel on 2018 total soybean production. MFP payments will be capped per person or legal entity at \$125,000 for corn, sorghum, cotton, wheat, and soybeans.

In addition to the Market Facilitation Program, the USDA has authorized payments to other sectors to offset losses and increase trade including the Foreign Agricultural Service's (FAS) Agricultural Trade Promotion Program (ATP) and the USDA's Agricultural Marketing Service (AMS) to help agricultural exporters identify possible new markets and mitigate effects of other countries trade restrictions.

Farmers interested in the Market Facilitation Program can apply beginning September 4th, 2018 and payments will be administered after harvest is 100 percent complete. Producers will need to report their total 2018 production and payment rates will be dependent upon the severity of the trade disruption and adjustment of new trade patterns. Applicants must have an ownership interest in the commodity, be actively engaged in farming, and have an adjusted gross income of less than \$900,000 for tax years 2014, 2015, and 2016.

This program will help farmers by offsetting losses accrued due to trade restrictions and lack of free trade. To learn more about the program or to sign up, interested producers can visit: [//www.usda.gov/media/press-releases/2018/08/27/usda-announces-details-assistance-farmers-impacted-unjustified](http://www.usda.gov/media/press-releases/2018/08/27/usda-announces-details-assistance-farmers-impacted-unjustified).