

A Carbon Market for Agriculture?

There are a few common themes throughout all ecosystem credit markets, chief among them is that they are all voluntary, incentive-based markets that connect buyers and sellers of ecosystem services credits. Farmers are typically the sellers. They get paid for using animal and land management techniques proven to meet certain criteria deemed as beneficial to the ecosystem. Carbon sequestration is the most common target for these practices. Practices include cover crops, livestock grazing, crop rotation, no-till/ strip-till, anaerobic digesters, nutrient management, buffer strips, tree establishment, etc. Participating farmers can opt into some version of data monitoring and measurement procedures. Once enrolled, farmers and ranchers will typically be paid based on measured outcomes, either on a per-acre basis or by asset generated.

Once quantified and verified, it can be made available for purchase. Credit buyers, like corporations looking to standards, can purchase

those credits.

Ecosystem credit markets are market platforms that are being developed to help farmers and ranchers

generate agricultural ecosystem assets. The most common asset is carbon, but there are also efforts trying to quantify net greenhouse gas credits, water quality credits, water quantity credits,

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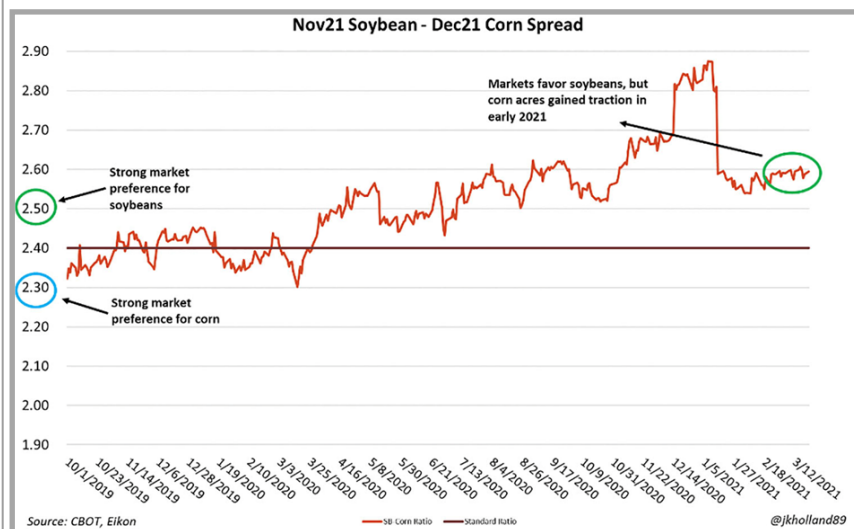
AgWeek.

What's inside this issue?

Carbon Markets, Planting Intentions, Ag Labor Legislation, U.S./China Trade, President Biden's Ag Agenda, Crop Market Outlook, Hemp Final Rule, and more!

USDA's 2021 Planting Intentions Survey and Market Reaction

The new crop soybean-corn price ratio has held steady over the 2.5 mark which is viewed as favoring increased soybean acres over corn in 2021. But rapid corn usage rates, largely due to export demand, shifted some soybean acres back to corn after the December 1, 2020 quarterly grain stocks report which was released in early January 2021. Soybean usage rates are not likely to slow down in 2021/22. Biodiesel demand is increasing as more automakers implement look for ways to incorporate increased usage of sustainable fuels. Soymeal supplied for livestock feed demand will remain strong in the post-pandemic era, supporting another year of record-setting soybean crush rate in the U.S. Furthermore, China's hog herd will likely need additional soybeans from the U.S. and Brazil for the foreseeable future. With demand prospects remaining steady next year, the fate of 2021 soybean acreage will rely heavily on acres outside the Corn Belt.



The USDA's lower-than-expected U.S. planting intentions estimate, with the May through July 2022 contracts all rising their daily price limits of 25 cents. As a result, corn futures traded expanded limits of 40 cents following the report. March 1 corn stocks also came in below the average of trade expectations, providing support for old-crop futures. Nearby May corn futures settled at \$5.64 1/4, while Dec. futures settled at \$4.77 1/2.

The USDA's planting intentions projection of 91.144 million acres was certainly a shocker for the market as it was more than 800,000 acres below the low end of pre-report expectations in a Bloomberg News survey and less than 300,000 acres above last year's final plantings. With U.S. corn ending stocks set to tighten substantially this year and Chinese demand for corn imports expected to remain strong in 2021/22, the market wanted more acreage and is

now fearing extremely tight supplies by the end of next marketing year. Traders should now shift their focus to Corn Belt weather, but the projections for planting intentions should strongly underpin new-crop corn prices this spring, although we expect that if planting goes well, actual acreage will wind up higher than today's projected acreage intentions.

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Carbon Markets (cont.)

other soil nutrient credits and more. These credits are attracting corporate buyers like General Mills, Nestle, and McDonald's, as well as agribusinesses like Cargill, Syngenta, and Corteva and even government entities. Farmers and ranchers are being compensated for asset generation in various ways (e.g., cash payments or input credit discounts).

From public to nonprofit to private, markets are in varying stages of development, allowing farmers and ranchers the ability to generate agriculture ecosystem credits and sell them to a variety of buyers. Public markets include those called for by the Food and Agriculture Climate Alliance to establish a USDA-led Commodity Credit Corporation carbon bank. There is also the Growing Climate Solutions Act. Introduced in the 116th Congress by Indiana Sen. Mike Braun (R) and Michigan Sen. Debbie Stabenow (D), the bill called for a certification program at USDA to help farmer and forest landowners participate in carbon credit markets. There is likely to be another version of that public legislation introduced during the 117th Congress.

On track to be the largest credit exchange platform in the U.S. when it launches in 2022, the Ecosystem Services Market Consortium is an example of a nonprofit platform. Markets are at different stages of operation and development, with some already enrolling farmers and ranchers into programs with committed acres and others operating pilot projects on specific crop and grazing systems to research scientific methods of quantifying assets.

Many market developers still in the early stages are looking for farmer and rancher partners. Some companies are developing protocols for working agricultural lands that will go on to be reviewed and certified by third-party verifiers. This could be particularly important in establishing widely accepted standards for agricultural ecosystem asset credits. A significant amount of research is being done to quantify and verify the assets to ensure they hold value for buyers. Much of that research testing and refinement is being done through pilot projects in cropping systems across the U.S. As previously mentioned, the number one theme is the voluntary, incentive-based structure that comes with launching independent markets. While the markets vary in shape and size, as well as stages of development, a common driver for their development is to foster healthy soils and ecosystems and reduce emissions. Many of the corporations involved are focusing on the public goodwill they'll earn as consumers see them as playing a part in improving conservation and biodiversity, as well as pollinator/wildlife habitats.

The markets also provide diversified revenue potential for farmers and ranchers who participate. However, before any contracts are signed, farmers and ranchers should consult trusted financial advisors to determine if enrolling in a market is truly beneficial for their operations.

There is also considerable interest in Natural Resources Conservation Service's conservation practices commonly utilized in agricultural ecosystem credit market contracts and their current adoption rates. The stated goal of which are to improve soil health, reduce soil erosion, improve water quality and provide other natural resource benefits. To maintain basic soil health, NRCS calls on farmers to keep the soil covered, disturb the soil minimally, keep a living cover that feeds the soil throughout the year, diversify crop systems on the soil through crop rotations and cover crops and incorporate livestock into the cropping system. Many of these practices contribute to carbon sequestration, as well as nutrient reduction and foster improvements in water quality/water quantity.

Cover crops like grasses, legumes and forbs can provide conservation cover if planted before grain crops are harvested or immediate-

ly after harvest. Depending on the cover crop mix planted, cover crops can reduce soil erosion and trap and sequester nutrients (e.g., carbon) in the soil. Cover crops have also been used to improve soil biology, reduce weed competition, improve water infiltration and increase organic matter in soil.

Cover crops are especially helpful when incorporating livestock grazing into a cropping system, providing an added nutrition source. Beyond market incentives, reasons for planting different crops annually include improved soil health and enhanced biological diversity.



Agri-Pulse.

Soil compaction is a constant challenge for farmers post-harvest and moving into the following year's planting, but limiting soil disturbances improves carbon retention and minimizes carbon emissions from soils. Avoiding full-width tillage, regardless of the depth or timing, if done long-term, can add organic matter to the soil as it decomposes and help to reduce soil compaction. Avoiding full-width tillage reduces soil erosion and protects water quality since the soil is not disrupted and can help keep water available for plants into the growing season after planting.

An anaerobic digester takes organic matter, such as livestock manure, and breaks it down to produce biogas and biofertilizer. When captured, the biogas reduces methane and greenhouse gas emissions that, otherwise, would be released into the atmosphere. By capturing biogas, it can also be used to generate electricity or used as a natural gas energy stream, which is a renewable energy source.

Precisely managing - through precision technology, for example -- the source, rate, timing and placement of nutrients like nitrogen or animal manure as fertilizer can reduce the potential for waste or runoff of plant nutrients, which can improve soil conditions and overall crop production, prevent excess nitrogen runoff and reduce input costs. Buffer strips made up of native plants and grasses remove sediment, nutrients and pesticides as they pass through, all while helping reduce soil erosion.

Available data regarding conservation adoption and the practices used on farms is limited due to the privacy of individual farmers and the limited resources the USDA has for conducting surveys. Taken quinquennially, the 2017 USDA Census of Agriculture is a survey-based count of U.S. farms and ranches and the people who operate them. The survey looks at land use and ownership, operator characteristics, production practices, income and expenditures. The Census of Agriculture provides the most recent data regarding land use practices by the number of farms and the number of acres. In 2017, there were over 900 million acres in farmland. Of those 900 million acres, 366 million acres, or 41 %, used tile drainage and water management, conservation easement, no-till conservation, conservation tillage, conventional tillage or cover crops, which is an increase of 3% from the number of acres utilizing these practices in 2012.

When compared to 2012's Census of Agriculture, the land-use practices aligned with the NRCS conservation practices that improve soil health, reduce soil erosion, improve water quality and provide other natural resource

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Carbon Markets (cont.)

benefits increased in adoption. Conventional tillage was reduced by 24% from 2012 to 2017, while no-till conservation and conservation tillage increased by 8% and 28%, respectively. Cover crops increased by 50%.

While the NRCS has resources and information related to conservation practices that could potentially improve soil health, reduce soil erosion, improve water quality and provide other natural resource benefits, adoption rates on U.S. cropland have been limited due to a variety of barriers. Though adoption rates may be low currently, the most recent data shows the pace in which farms have adopted conservation practices has increased, indicating many farms have been able to implement some version of conservation on their acres.

Implementing any type of change on a farm or ranch will incur some cost. Some of those costs are explicit, cash expenses, while others are trade-offs that force a farmer or rancher to give up something in order to participate. All barriers to participation carry risk that is weighted differently for each farm. Risk-averse farmers may require more tools and support to participate while farmers that are less risk averse and with sufficient financial footing could participate with less concern. Every farm and ranch is different, which makes it difficult to estimate how conservation practice adoption will impact the ultimate profit of a farm or ranch.

Increased costs and financial barriers are not the only concerns farmers and ranchers have about participating in an agricultural ecosystem credit market, as indicated by most anecdotal and peer-reviewed research reports. There are some non-financial trade-offs, though some may have financial impacts. The first is the labor trade-off. While costs associated with labor may be lower upfront, there is a labor trade-off for conservation practice adoption. Especially during seasonally busy times, such as planting and harvesting, operators have set plans to ensure the necessary work gets done in a timely fashion. Many conservation practices, even those that may be low-cost to implement, simply can't be accomplished because there aren't enough people to get the job done or enough money to hire a worker or workers to do it.

Another trade-off is the time required to gain the knowledge to implement some conservation practices, like getting the cover crop mix just right or learning when certain steps of the land conversion need to happen. With that, there is a time trade-off waiting for the benefits of the practice to occur. The available research promotes the benefits of conservation practices but acknowledges the benefits happen over time, not necessarily in the short-term.

There are trade-offs of time, money and expertise consulting with a lawyer when considering whether or not to enroll in an agricultural ecosystem credit market. With contracts, there is a trade-off of relinquishing some amount of farm data in order to quantify the assets being generated on the farm and translating them into credits. There is also a trade-off of time and relationships in securing authority from all the associated parties with an ownership interest of the soil and practices involved. When evaluating whether or not to participate in an agricultural ecosystem credit market, farmers are not only considering the financial barriers but also trade-off barriers.

A common question is whether a credit, a sequestered unit of carbon in this scenario, is considered a commodity. And if it is, how does that change the outlook of the carbon market?

A commodity is defined as “an economic good: such as a product of agriculture or mining; an article of commerce especially when delivered for shipment; a mass-produced unspecialized product.” If carbon is to be considered as a commodity, it would need to meet the basic qualification that there is little differentiation between carbon sequestered by one farm and carbon sequestered at another farm. For that to be, market-operators and buyers would both need to agree that the conservation practices implemented in an agricultural ecosystem credit market program produce the same benefit equitably, regardless of the type of farm or ranch, conservation practice implemented, size of implementation or scope of implementation.

Also, when classifying carbon as a commodity, there arise two risks that need to be addressed. The first is the risk of over-supply. If the number of buyers demanding asset credits is held constant and there is an over-supply of credits due to a large number of farmers and ranchers generating assets, the price per ton of a credit will plummet. Farmers may wish to hedge by storing credits until prices rise, but there is little information about how long a credit holds value and how buyers' willingness to pay would change should they be asked to pay for credits with benefits that occurred in the past. If low prices are not resolved, this will act to discourage farmers and ranchers from participating in the agricultural ecosystem credit market and fewer participants will find it economically viable to continue participating. If the goal of a market is broad participation, the economic viability of the farm participating will need to be maintained to keep participants from stepping away from the market.

The second risk has to do with the price farmers receive for generating the asset. In a commodity market, every farmer receives the same price for the same commodity as determined by the market it is trading on. Localized prices may differ due to basis risk when the local cash price differs from the futures price, or a price differential may be applied due to the quality of the commodity sold at the elevator.

Ultimately, in private markets, the price of an ecosystem credit will be determined by market-operators. A farmer or rancher can expect to be paid for some portion of the cost it takes to generate the agricultural ecosystem credit, which may or may not include costs like soil sampling and quantification methods, while buyers are more likely to bear additional costs for operating the market, such as third-party verification. There are some market risks that could impact the price farmers receive for generating an agricultural ecosystem credit. There is the risk of an over-supply of credits, which could drive down the price farmers receive for generating agricultural ecosystem credits. The market-operator has the final decision on how it structures its operations, which in turn will determine the pricing strategy.



Precision Ag

Planting Intentions (cont.)

Looking at plantings by state, we see that not only is corn acreage down, but there is a shift in acreage from the heart of the Corn Belt to less productive areas. Planting intentions are down in 3 of the 4 top U.S. corn states. In both Iowa and Illinois, planting intentions are down 400,000 acres, while in Nebraska they are down 300,000, with Minnesota intentions holding steady. The biggest increases in corn acres are in the Dakotas, where wet spring conditions limited plantings for the past two years. Corn intentions are up 1.3 million acres in North Dakota and 650,000 in South Dakota. This acreage shift will focus more market attention on the drought that currently grips North Dakota and much of South Dakota as planting season there approaches.

The corn market also recently received positive news from the ethanol sector as weekly production rebounded and U.S. ethanol stocks slipped more than expected. Weekly production of 965,000 barrels per day was roughly on par with the level we calculate is needed to reach the USDA's 2020-21 corn-for-ethanol use estimate.

Soybean futures catapulted 46 1/2 to 70 cents higher, with the front contract finishing up their daily limits in reaction to the USDA's lower-than-expected U.S. planting intentions, which spurred expectations for U.S. supplies to remain extremely tight in 2021-22. Futures will trade expanded daily limits as a result of the price surge. Soy product futures also soared on the news, with nearby May soybean futures finishing up its \$25 daily limit. Nearby May soybean futures settled at \$14.36 3/4, while November soybeans settled at \$12.56 1/4.

The *Prospective Plantings* report was certainly a game changer for the soybean market. With soybean acreage being reported at 87.6 million, the market will have a hard time rebuilding supplies based on current demand estimates. We had previously estimated the 2021/22 soybean crop at 4.549 billion bushels on 90 million planted acres and a yield of 51 bushels per acre. With only 87.6 million planted acres, a 51 bushel yield will only result in a crop of 4.4 billion bushels. At that level, U.S. soybean ending stocks are likely to remain near 120 million bushels next year, based on current demand expectations. The alternative is that the market will have to ration demand which may be easier said than done. It is unclear what price level is needed to ration Chinese demand, which dominates the world export market.

Nearby May soybean futures closed just 3 1/4 cents below their previous contract high close and appear poised to breakout to the upside, although they will need to close above their previous trading

high of \$14.60 to confirm a new upward move. Key chart support is now at \$13.64 1/4. Nov. soybeans closed just 5 3/4 cents below their contract high close of \$12.62 and a breakout above \$12.65 1/4 will confirm a new upward move. If we consider the market's March correction to be a bull flag, the market has a potential upside objective of \$13.52.



Fading export demand for U.S. soybeans may help limit the upside for old-crop soybeans. Net U.S. soybean export sales for the week ended March 25 are expected to run 3.5-23.0 million bushels compared with the previous week's sales of just 6.1 million bushels., of which only 3.7 million were for 2020/21 delivery.

Cotton futures ended higher with new-crop futures showing the most strength. The market was pulled higher by the rally in corn and soybeans, and December's gains may have reflected concern that today's report could cause some late acreage switching. May cotton ended up 24 points to 80.88, after trading a range of 78.60 to 81.40. July was up 42 points to 82.17, and December gained 1.18 cents to 80.10. The market ended at the upper end of the day's range.

Technically, the market posted bullish outside days higher, though in the case of May it is not much of a signal. On a front-month basis, March broke a string of nine consecutive monthly gains.

The *Prospective Plantings* report held little news for the cotton market as the USDA pegged all-cotton planting intentions at 12.0 million acres, in line with trade expectations. Attention will now turn to planting weather in the South, as well as extended forecasts for West Texas, which is in need of rains before planting.

Rice futures, as is often the case, avoided all of the USDA-related drama on report day and volume remained light. The market ended mixed: May settled down 4 cents to \$13.18, July closed down 2 1/2 cents to \$13.44, and December gained 1/1 2 cents to \$12.99 1/2. As with cotton, there was little news for the rice market, with USDA pegging all-rice planting intentions at 2.71 million acres, just 100,000 above average trade estimates.

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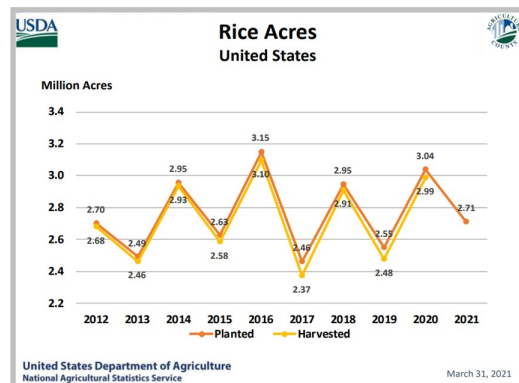
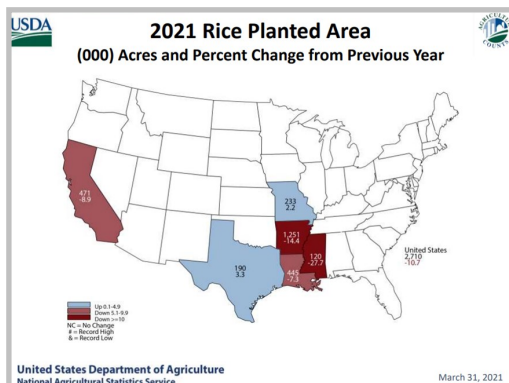
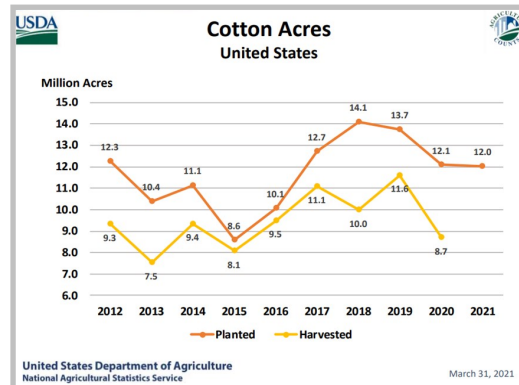
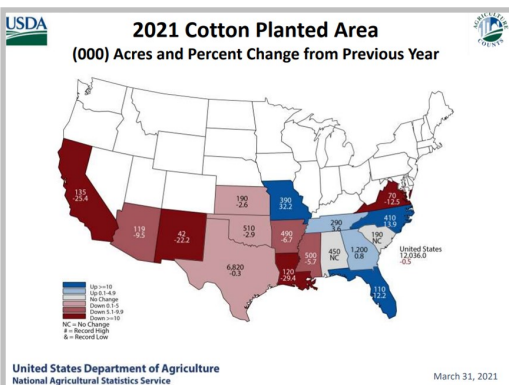
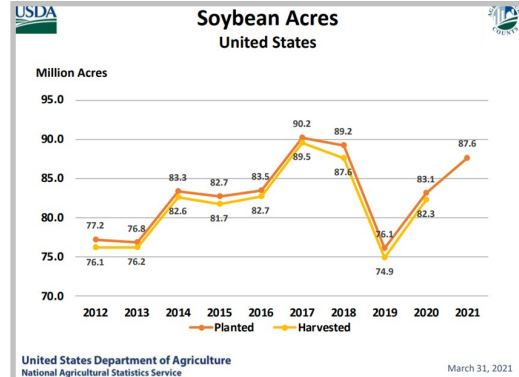
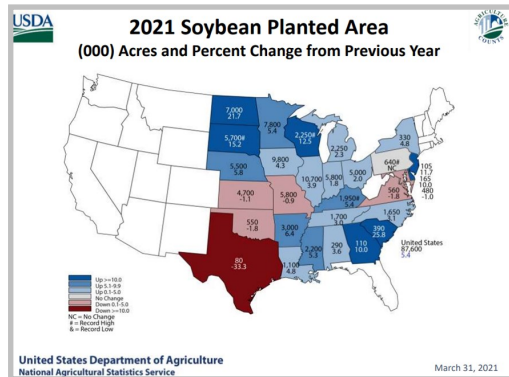
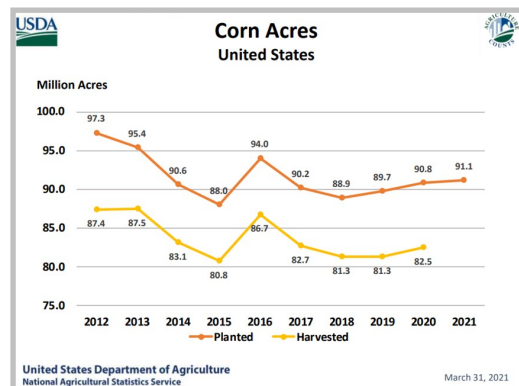
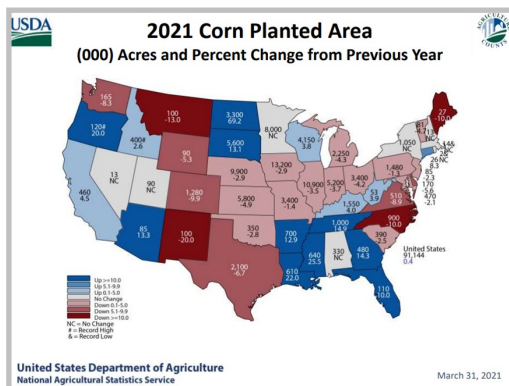
Principal Crops: Area Planted and Harvested - Louisiana and United States: 2020 and 2021

Crop	Louisiana			United States		
	2020	2021 ¹	Percent of previous year	2020	2021 ¹	Percent of previous year
	(1,000 acres)	(1,000 acres)	(percent)	(1,000 acres)	(1,000 acres)	(percent)
Corn	500.0	610.0	122	90,819.0	91,144.0	100
Cotton, upland	170.0	120.0	71	11,890.0	11,894.0	100
Hay, all ²	400.0	390.0	98	52,238.0	51,714.0	99
Rice, all	480.0	445.0	93	3,036.0	2,710.0	89
Long Grain	430.0	410.0	95	2,332.0	2,078.0	89
Medium Grain	50.0	35.0	70	663.0	593.0	89
Soybeans	1,050.0	1,100.0	105	83,084.0	87,600.0	105

¹ Intended plantings in 2021 as indicated by reports from producers.

² Intended area for harvest in 2021 as indicated by reports from producers.

Planting Intentions (cont.)



Crop Enterprise Budgets and Farm Management Tools for the 2021 Crop Year

The LSU AgCenter's enterprise budgets for corn, cotton, rice, sorghum, soybeans, sugarcane, and wheat are available at <https://lsuagcenter.com/topics/crops>. Once on the "Crops" landing page, please select the desired crop, and then the "Budget" icon to access the PDF documents.

Appreciation is extended to the Louisiana Soybean and Feed Grain Research and Promotion Board, the Louisiana State Support Committee of Cotton Incorporated, the Louisiana Rice Research Board, and the American Sugar Cane League for their support of this applied farm management research.

Agricultural Labor Legislation Passes in the House of Representatives

The House passed the “Farm Workforce Modernization Act” for the second time in less than two years as Democrats look to prod the Senate into acting on immigration reforms.

The ag labor bill, which was approved 247-174 with 30 Republican votes, would provide a path to legal status for undocumented workers, reform the H-2A program and require farms to start using the *E-Verify* system to ensure new hires can legally work. A previous version got 34 GOP votes in December 2019 but was never considered in the Senate.

Although the bill has the support of many farm groups, including the National Council of Farmer Cooperatives, the Western Growers Association and the National Milk Producers Federation, it still appears to be a long shot in the Senate.

The House also passed a second bill, 228-197, that would provide a path to citizenship to individuals known as *Dreamers*, immigrants who came into the United States illegally before they were 19.



Office of Congressman Dan Newhouse (WA)

Key Senate Republicans said that immigration legislation was unlikely to get GOP support without better border security. U.S. Senators Michael Bennet (D-Colo.) and Mike Crapo (R-Idaho) are applauding its passage, saying they will work together to introduce companion legislation in the U.S. Senate. House Republicans denounced the two bills for offering legal status to undocumented ag workers amid the surge of migrants at the southern border.

The bill, which is co-sponsored by Reps. Zoe Lofgren, D-Calif., and Dan Newhouse, R-Wash., would streamline the H-2A application process while reforming the process of setting the regionally-based minimum wage rates that farms are required to pay.

The wage rates would be frozen for one year; increases would be capped for most of the country at 3.25% for the following nine years.

To address the demand for year-round workers, the bill would provide 20,000 year-round visas a year while allowing for an increase or decrease depending on demand. Additional provisions could help farms build new housing and renovate existing units.

Existing workers who are in the country illegally could get temporary legal status if they have worked in agriculture for at least 180 days over the last two years, and that status could be renewed indefinitely with continued farm work.

Farmworkers could earn a green card by paying a \$1,000 fine and continuing to work on farms for an additional period, depending on how long they've already been in the United States: Workers with at least 10 years of U.S. ag experience would have to continue for four more; workers with less than 10 years of experience would have to work for eight more.

The American Farm Bureau Federation has declined to support it, arguing in part that a provision in the bill would make farms vulnerable to lawsuits by H-2A workers.

President Biden tweeted his support for the bill during the House debate: “Undocumented farm workers feed America and have been on the frontlines of this pandemic making sure we have food on our tables. The Farm Workforce Modernization Act provides a path to citizenship for these essential workers. I urge Congress to pass the bill.”

The full list of cosponsors includes: Rep. Mark Amodei (R-NV-02); Rep. James Baird (R-IN-04); Rep. Karen Bass (D-CA-37); Rep. Anthony Brindisi (D-NY-22); Rep. Susan W. Brooks (R-IN-05); Rep. Salud Carbajal (D-CA-24); Rep. Tony Cardenas (D-CA-29); Rep. Judy Chu (D-CA-27); Rep. Tom Cole (R-OK-04); Rep. Luis J. Correa (D-CA-46); Rep. Jim Costa (D-CA-16); Rep. TJ Cox (D-CA-21); Rep. Angie Craig (D-MN-02); Rep. Jason Crow (D-CO-6); Rep. Henry Cuellar (D-TX-28); Rep. John Curtis (R-UT-03); Rep. David Scott (D-GA-13); Rep. Rodney Davis (R-IL-13); Rep. Antonio Delgado (D-NY-19); Rep. Mario Diaz-Balart (R-FL-25); Rep. Veronica Escobar (D-TX-16); Rep. Brian Fitzpatrick (R-PA-1); Rep. Marcia Fudge (D-OH-11); Rep. John Garamendi (D-CA-3); Rep. Sylvia Garcia (D-TX-29); Rep. Bob Gibbs (R-OH-07); Rep. Josh Harder (D-CA-10); Rep. Ron Kind (D-WI-3); Rep. Peter King (R-NY-2); Rep. Doug LaMalfa (R-CA-01); Rep. Al Lawson (D-FL-05); Rep. Cathy McMorris Rodgers (R-WA-05); Rep. Paul Mitchell (R-MI-10); Rep. Jerrold Nadler (D-NY-10); Rep. Dan Newhouse (R-WA-04); Rep. Devin Nunes (R-CA-22); Rep. Tom O'Halleran (D-AZ-1); Rep. Jimmy Panetta (D-CA-20); Rep. Scott Peters (D-CA-52); Rep. Collin C. Peterson (D-MN-07); Rep. Chellie Pingree (D-ME-1); Rep. Tom Reed (R-NY-23); Rep. Raul Ruiz (D-CA-36); Rep. Linda Sanchez (D-CA-38); Rep. Kurt Schrader (D-OR-05); Rep. Kim Schrier (D-WA-08); Rep. Mike Simpson (R-ID-02); Rep. Elissa Slotkin (D-MI-08); Rep. Lloyd Smucker (R-PA-11); Rep. Abigail Spanberger (D-VA-07); Rep. Zoe Lofgren (D-CA-19); Rep. Elise Stefanik (R-NY-21); Rep. Chris Stewart (R-UT-2); Rep. Steve Stivers (R-OH-15); Rep. Thomas Suozzi (D-NY-3); Rep. Mike Thompson (D-CA-5); Rep. Scott Tipton (R-CO-3); Rep. Norma Torres (D-CA-35); Rep. Xochitl Torres Small (D-NM-02); Rep. Fred Upton (R-MI-06); Rep. Filemon Vela (D-TX-34); Rep. Greg Walden (R-OR-02); and Rep. Don Young (R-AK-At Large).

U.S./China Trade Update and the Phase One Agreement

As of February 2021, China's total imports of covered products from the United States were \$23.5 billion, compared with a year-to-date target of \$31.1 billion. Over the same period, U.S. exports to China of covered products were \$16.9 billion, compared with a year-to-date target of \$29.7 billion. Through the second month of 2021, China's purchases of all covered products reached 76 percent (Chinese imports) or 57 percent (U.S. exports) of the year-to-date target.

For covered agricultural products, China committed to purchasing an additional \$19.5 billion worth of goods in 2021 above 2017 levels, implying an annual commitment of \$43.6 billion (Chinese imports, panel b) and \$40.4 billion (U.S. exports, panel c). Through February 2021, China's imports of covered agricultural products from the United States were \$8.7 billion, compared with a year-to-date target of \$11.4 billion. Over the same period, U.S. exports to China of covered agricultural products were \$5.8 billion, compared with a year-to-date target of \$8.1 billion. Through the second month of 2021, China's purchases of covered agricultural products reached 77 percent (Chinese imports) or 72 percent (U.S. exports) of the year-to-date target.

For covered manufactured products, China committed to an additional \$44.8 billion of purchases in 2021 above 2017 levels, implying an annual commitment of \$123.1 billion (Chinese imports) and \$111.3 billion (US exports). Through February 2021, China's imports of covered manufactured products from the United States were \$11.6 billion, compared with a year-to-date target of \$15.7 billion. Over the

same period, U.S. exports to China of covered manufactured products were \$9.2 billion, compared with a year-to-date target of \$15.0 billion. Through the second month of 2021, China's purchases of covered manufactured products reached 73 percent (Chinese imports) or 61 percent (U.S. exports) of the year-to-date target.

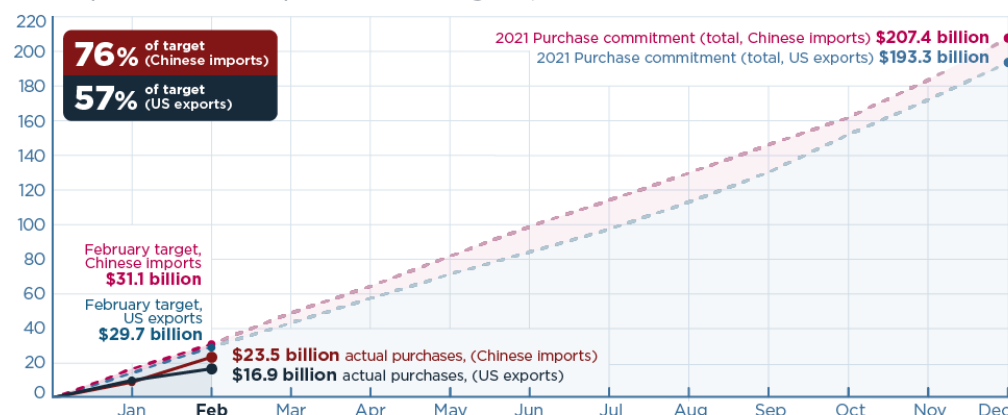
For covered energy products, China committed to an additional \$33.9 billion of purchases in 2021 above 2017 levels, implying an annual commitment of \$40.7 billion (Chinese imports) and \$41.5 billion (U.S. exports). Through February 2021, China's imports of covered energy products from the United States were \$3.2 billion, compared with a year-to-date target of \$3.9 billion. Over the same period, US exports to China of covered energy products were \$1.9 billion, compared with a year-to-date target of \$2.7 billion. Through the second month of 2021, Chinese purchases of covered energy products reached 80 percent (Chinese imports) or 29 percent (U.S. exports) of the year-to-date target.

For all uncovered products—making up 29 percent of China's total goods imports from the United States and 27 percent of US total goods exports to China in 2017—the phase one agreement does not include a legal target. Through February 2021, Chinese imports of all uncovered products from the United States were \$5.8 billion, 13.1 percent lower than in 2017. US exports of all uncovered products to China through January 2021 were \$2.7 billion, 0.4 percent higher than over the same period in 2017.

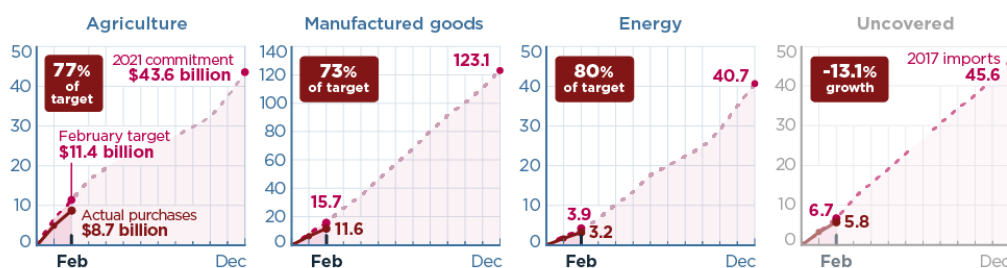
US-China phase one tracker: China's purchases of US goods in 2021

US exports and China's imports of all goods covered by the phase one deal as of February 2021

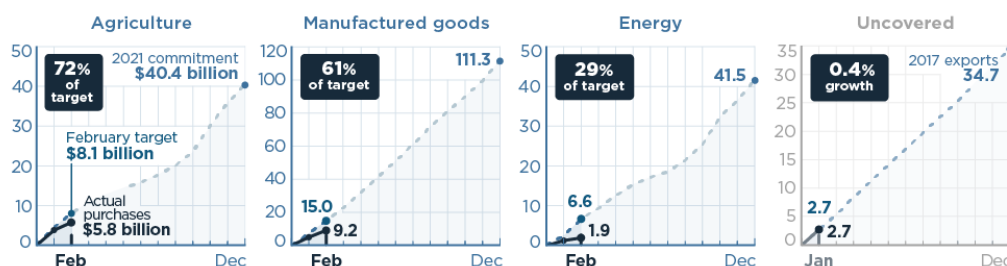
a. US exports and China's imports of all covered goods, billions USD



b. China's imports by product type, billions USD



c. US exports by product type, billions USD



President Biden's Agriculture Agenda

The new leadership undoubtedly brings a lot of experience in food and agriculture to the table. But the challenges confronting the American food system are very different from just a few short years ago. The change in administration brought a new and updated set of priorities – and a very different view of government's role in dealing with those challenges. Expect to see Congress and the Biden Administration focus on the following.

COVID-19. Stemming the spread of the virus will be the most visible immediate priority not just for the agriculture committees but the entire government. Access to vaccines in rural areas will be high on the agenda, as will continuing economic support for those most damaged by the lockdown.

Climate change. Don't look for omnibus "climate change" legislation from either ag committee as much as efforts to promote conservation and other regenerative environmental practices by farmers and ranchers through expansion of existing programs and additional incentives for responsible, environmentally beneficial farming practices, all carefully couched and presented as 'climate change' initiatives. Many immediate actions are likely to involve a flurry of executive orders rather than time-consuming and contentious legislation. The creation of a 'carbon market' for agriculture will be a popular item for debate. While the focus on climate change comes as no surprise, the farm community anxiously awaits some sign of the approach to be taken. Farm leaders urge policymakers to think in terms of carrots rather than sticks. That is, they note that the farm community by and large is supportive of the broad effort to act responsibly on matters that affect the climate, and the environment.

Rural economic development and revitalization. After years of declining net farm income and massive direct government payments, both legislators and administration officials will be looking at bigger, more comprehensive packages to stimulate rural economic vitality. Look for initiatives to promote growth in 'green' jobs, expand health care services and improve broadband access.

Social equity. Congressional leaders, in particular, have been outspoken in the need to address perceived economic inequities, notably for smaller farm operators and minority farmers and ranchers. Prominent Democrats also have called for immediate attention to farm labor issues, to address matters of wages, work conditions, organizing rights, and other concerns.

Relations with China. No market remains more important to the economic interests of farmers and ranchers. Efforts to promote improved relations and fulfillment of ambitious purchase commitments by the Chinese will remain top priorities. But expect a more studied effort to assess overall U.S. China relations, of which agricultural interests are just one part of the bigger picture of future relations between the two countries. Also, look for greater movement toward a multilateral team approach – especially with the EU – from the Biden Administration...it will be a movement away from the bilateral approach of recent years to more emphasis on building coalitions capable of exerting influence on the Chinese.

Improved trade opportunities. The 'America First' approach of recent years is likely to evolve into a more traditional model of negotiation, built around 'constructive engagement.' Bilateral trade negotiations to open new market opportunities will no doubt continue. But also look for much more energy behind attempts to revive and rejoin broader trade initiatives and agreements, notably in the Pacific and among long-standing U.S. allies.

Beyond the Agriculture Committees:

The agriculture committees undeniably make up the center of gravity in crafting food and agricultural policy. But other parts of Congress also come into play.

Taxes. Any farmer will quickly point out that farming is a capital-intensive business. Finance and money management are critical skills – and a major area of interest, especially when candidates and elected officials in a new political era have made the issue of "revenue" a major target area for attention. Continuing economic challenges from the pandemic, coupled with a generally more ambitious agenda of government initiatives, mean an almost certain review and revision of tax laws. It will likely involve examining a range of tax policies, including capital gains, gift taxes, inheritance taxes, accounting rules, and more. For an economic sector largely based on family ownership and reliant on land values as a key element of their financial strength, these are highly important subjects. Expect the food and agriculture community to keep a close eye on the House Ways and Means Committee and the Senate Finance Committee, and the new Biden Administration's role in shaping any changes to tax laws.

Technology. Advances in technology are sweeping across the global agricultural system. Congress is trying to keep pace. The current focus on communication technology is expanding to cover other areas, with the gradual emergence of a variety of science and technology groups advocating a re-think of how Congress deals with the need to better understand and constructively guide the sector's expanding role in all aspects of life, from the farm to the dinner table. Keep an eye on this wild-card in the emerging new era of government.

Continued next page.



Library of Congress.

President Biden (cont.)

The pandemic helped focus attention on the need to improve health-care delivery across the country, in particular in the rural areas underserved by the existing system. The Biden Administration has made economic revitalization of rural America a priority, and expansion of health care services and facilities should be a substantial component of that effort. Look for additional collaboration between the Department of Agriculture and Health and Human Services, as well as a greater collaborative effort among all health-related departments and agencies.

Infrastructure. Like health care, the broad issue of improving the nation's crumbling infrastructure also will have implications for the agricultural community and all of rural America. Maintenance of roads and bridges is a key component of the modern food chain, and most local authorities will agree that more needs to be done to maintain and improve what already exists. The big question will be not so much where such efforts should be focused, but how to pay for them.

Research. The Department of Agriculture and congressional committees traditionally made science and research a key element of their policy agenda. The new administration has made "science-based" decision-making a fundamental plank of their campaign. The agricultural community is waiting anxiously to see exactly what that means, in terms of the decisions to be made regarding the role of genetics in expanding food production, and the willingness of the government to continue sharing the financial burden of aggressive research on food and environmental matters.



CNBC.

USDA Secretary Tom Vilsack has his sights set on creating a massive carbon credit bank, aiming to confront climate change in a way that also boosts farmers' bottom lines. But the USDA chief faces a difficult task of bringing both the right and left flanks of the agriculture sector on board. A carbon bank is one of Washington's most ambitious attempts to curb global warming by making certain changes. One could involve paying farmers to plant extra crops (for instance, products like cereal rye and clover) that suck carbon dioxide out of the atmosphere and bury it in soil. Some environmentalists, however, doubt it would make a big enough dent in climate change, especially compared to existing conservation programs.

USDA is planning to take some action by the end of 2021, according to a senior official, who told POLITICO that the department aims to strike a balance between "moving really quickly and also being deliberate enough that we can bring folks along with us."

There's an ongoing debate between Vilsack and top Republicans, including Senate Agriculture ranking member John Boozman (R-Ark), as to whether USDA has authority to create a carbon bank through the Commodity Credit Corporation. The loosely restricted \$30 billion fund, intended to bolster the farm economy, was used to pay producers burned by the Trump administration's trade war and supply chain disruptions during the pandemic.

U.S. Seasonal Farm Price Outlook

The following table represents national seasonal average farm prices (\$/unit), as per the USDA WASDE report.

Crop	2018/19	2019/20	2020/21	2020/21	2020/21
	Estimate	Estimate	February	March	April
Corn	\$3.61	\$3.56	\$4.30	\$4.30	\$4.30
Cotton	\$0.703	\$0.596	\$0.680	\$0.690	\$0.680
Rice (LG)	\$10.80	\$12.00	\$12.20	\$12.40	\$12.50
Rice (Southern MG)	\$12.30	\$11.60	\$12.50	\$12.80	\$12.90
Sorghum	\$3.26	\$3.34	\$4.80	\$5.00	\$5.05
Soybeans	\$8.48	\$8.57	\$11.15	\$11.15	\$11.25

Crop Market Situation for the 2021/22 Marketing Year

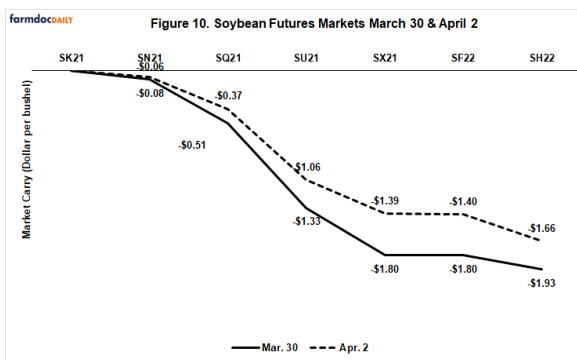
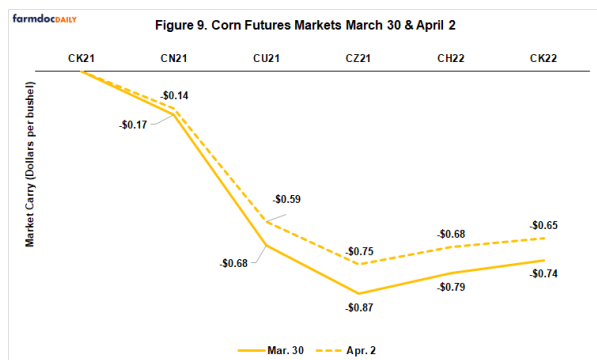
The information that is presented in this market update reflects current information as of April 7, 2021.

Corn

The USDA in their April 5th *Crop Progress* report estimated that 2% of the U.S. corn crop had been planted as of Sunday, on par with the 5-yr. average. Most of the planting has been done in Texas, where planting is 56% complete vs. the avg. of 53%. U.S. weather will be the focus for traders ahead of the USDA's April Supply/Demand report, which is due out on Friday morning. Mostly dry weather should make for good fieldwork conditions in the southern Corn Belt. The dry northwest Corn Belt will see some rainfall, but the latest forecasts have drought-stricken North Dakota largely missing out on moisture.

Multiple factors will dictate the size of 2021 corn and soybean crops in 2021. A derecho and a late season drought in the Midwest reduced the size of the 2020 crop after lofty expectations associated with planting progress and near perfect growing season weather through June. Fewer acres all else equal should result in smaller crops. The balance sheets for corn and soybeans continued to grow tighter throughout the winter on relatively strong demand and reduced supply. Lower than expected acreage in the Prospective Planting report had an impact on futures markets, and as expected a larger impact on deferred futures contracts. The figures below illustrate the market carry between contract months for corn and soybeans, respectively. Market carry refers to the difference in price between two delivery months. The market uses market carry to signal when it needs grain from producers. A positive carry in the market tells the producer grain is likely to be in greater demand in the future, whereas a negative market carry tells the producer grain is in greater demand today than it is expected to be in the future. Futures contracts for corn and soybeans at the close of trading on March 30, 2021 had a negative carry all the way into the next marketing year indicating the need for grain now was greater than the expected need for grain in the future. After the reports showed smaller expected acreage for corn and soybeans all futures contracts increased, but it was the deferred contract months that unsurprisingly increased the most. Market

carry can be a powerful tool to gauge the markets expectations for availability of grain and oilseeds in the future.



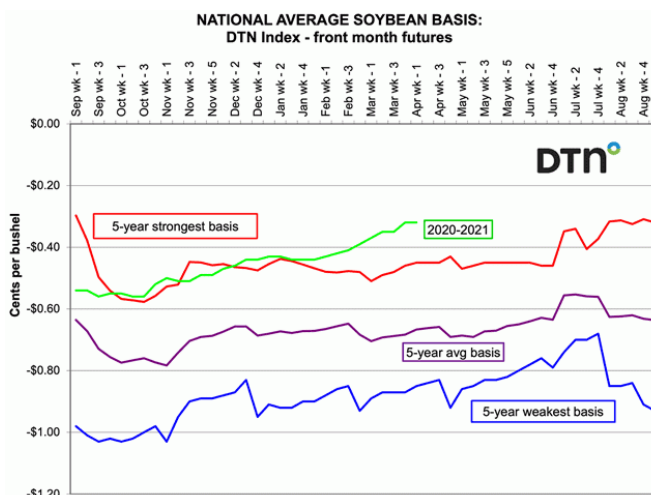
Soybeans

Some in the trade seem to expect the near-term downside for soybean futures to be limited by tight supplies and concerns that 2021 acreage will be too low to rebuild stocks. Worries about dry conditions in the northern Plains may also spur concerns about 2021 production potential. Trade expectations for 2020-21 U.S. soybean ending stocks ahead of April's Supply/Demand report avg. 118 million bushels in a range from 105-135 million bushels compared with the USDA's March forecast of 120 million. We would expect very little change to the soybean ending stocks number.

The DTN national average basis started the new-crop year of 2020/21 running close to the five-year strongest basis and has been climbing ever since. As you can see in the chart that at the start of January 2021, the basis reached the DTN strongest five-year basis and by the end of that month had moved above it and has not looked back. Country elevator posted bids in some parts of the Upper Midwest are nearly double what they normally are this time of year with a few areas showing a positive basis where the basis is usually negative. But this isn't a normal year for soybeans, and the March 31st USDA report gave a hint as to why.

The USDA noted in their March 31 Grain Stocks report that soybeans stored in all positions on March 1 totaled 1.56 billion bushels, down 31% from March 1st the previous year. Soybean stocks stored on farms are estimated at 594 million bushels, down 41% from a year ago. Off-farm stocks, at 970 million bushels, are down 22% from last March. Hence, dwindling supplies.

One can beg the question: Is it supply or demand that is controlling soybean prices? The answer would be both, but in the end, supply, or lack thereof, is the culprit. The U.S. saw China buy up soybeans at a quick



Continued next page

In-depth Crop Market Update (Cont.)

The information that is presented in this market update reflects current information as of April 7, 2021.

Soybeans (Cont'd)

pace early in the crop year but has since slowed purchases. Japan and Mexico have also been buyers of U.S. soybeans, but China is responsible for at least 65% of U.S. exports. Even still, export basis at the Pacific Northwest has been absent in the nearby months for quite some time and the soonest basis bid published there is for September 2021.

Demand for soybean byproducts meal and oil is also strong. Processed soybeans are the world's largest source of animal protein feed and the second largest source of vegetable oil. The U.S. is the world's leading soybean producer and its second-leading exporter. Soybeans comprise about 90% of U.S. oilseed production while other oilseeds, including peanuts, sunflower seed, canola and flax, make up the remainder according to the USDA Economic Research Service (ERS).

Domestic demand for U.S. soybean meal and oil is rising rapidly on thriving meat exports and stable crude oil usage, notes the USDA. Soybean oil demand as a feedstock has picked-up due to rising biodiesel purchases. According to the March USDA ERS Oil Crops Outlook, January crush volumes were the second highest on record at nearly 197 million bushels, up 4% year over year. Through the first five months of the marketing year, 2020-21 crush volumes total 949 million bushels, a nearly 6% increase over the same period last year. The increase in crush demand derives from strong margins for soybean meal and soybean oil.

Brazil's soybean harvest was 79.1% complete as of April 3, up from 69.8% a week earlier, but behind the year-earlier pace of 85.0%. Private analyst AgRural estimated harvest progress at 78% as of April 1st compared with 83% a year earlier. Harvest is basically complete in the top growing state of Mato Grosso. The main story driving U.S. soybean futures markets are the ongoing Brazilian harvest delays and short-term supply crunch. Soybean and soybean meal prices continued on an upward trajectory, though cash soybean meal markets are reporting signs of demand weakness as high prices deter many livestock buyers from booking excess supplies.

Markets are keeping an eye on African swine fever in Asia. A new report surfaced that found a pig positive for the deadly swine virus has washed ashore in Taiwan, just off China's southeastern coast. The Asian island will now begin testing hog herds to detect and prevent the virus from decimating its hog herd, as it did in China when the outbreak began in 2018.

Rice

The USDA's *Prospective Planting* report indicated that U.S. long-grain acres would decline by 11%, however, most in the industry anticipate a greater decline, something closer to 15-20%. Similarly, the USDA's initial acre forecast for California appears more based on last year's water situation than the current one. Between water sales and water cuts, Californians are bracing for a substantial drop in planted areas, to the tune of 20-25%.

Cash rice demand remains in a lull as growers look to offload their final inventories before turning to the 2021 crop. In Arkansas, growers are asking \$13.25 per cwt but are struggling to find a market at that price. Meanwhile, in Louisiana and Texas, the supply-stricken states are seeing what rice is left to maintain the 4-week sideways trading pattern. In the upper Delta, the market is also quiet which is likely the result of low interest for milled rice.

Total demand for U.S. long-grain recovered some from the past few weeks and was only recorded down 2.21% on the year. Although milled sales grapple to find a consumer, paddy demand continues unabated up 40%, year over year.

Between this year's larger production and the stiffened demand, it was no surprise to see what the USDA March first stocks report revealed. Long grain paddy stocks, as of March 1st were 72.352 million cwt, up 20% against last year. Milled stocks were only down slightly from 2019/20.

World rice prices held relatively steady this week, with only Thai prices edging lower. The dry bulk bull-market run doesn't appear to be losing steam anytime soon as the demand for coal, grains, and metals is expected to remain robust as the world climbs out of the COVID-induced economic hole.

As economies ramp up, pent-up demand is expected to spur demand for these vessels which will likely sustain the higher freights that exporters have had to negotiate this past year. Freight rates and a strong dollar could have a strong impact on what happens in the commodity sector in 2021.

The USDA reported (April 5th) rice planting progress at 14%, slightly behind the year earlier pace of 16% and the 5-yr. avg. pace of 18%. Only 2% of the Arkansas crop had been planted, up from 1% last year, but down from the avg. of 9%.

Continued next page

USDA WASDE Report Release Dates for 2021

World Agricultural Supply and Demand Estimates (WASDE) Report: Jan. 12, Feb. 9, Mar. 9, Apr. 9, May 12, Jun. 10, Jul. 12, Aug. 12, Sep. 10, Oct. 12, Nov. 9, and Dec. 9.



In-depth Crop Market Update (Cont'd)

The information that is presented in this market update reflects current information as of April 7, 2021.

Rice (Cont'd)

The University of Arkansas provides a state-by-state breakdown of long-grain 2021 planting intentions and 2020 final acres. Arkansas is expected to have 54% of the US long-grain acres this year. Per the NASS survey, all states except Missouri and Texas will reduce acres this year. Arkansas, Louisiana and Mississippi all plan to increase corn and soybean acres. After the limit up moves and new highs in both those crops following the Prospective Planting report, those plans will most assuredly stay in place.

Planted Acres: Long-Grain	2020 Final	2021 March 31 Intentions	Change from '20	% Change
Arkansas	1,325,000	1,130,000	-195,000	-15%
California	12,000	8,000	-4,000	-33%
Louisiana	430,000	410,000	-20,000	-5%
Mississippi	165,000	120,000	-45,000	-27%
Missouri	220,000	225,000	+5,000	+2%
Texas	180,000	185,000	+5,000	+3%
United States	2,332,000	2,078,000	-254,000	-11%

Source: USDA NASS.

Cotton

Despite a great deal of noise outside of cotton, this past week's market activity was heavily influenced by fundamentals. The long-awaited USDA planting intentions report was released followed by weekly exports sales numbers on Thursday. The government report revealed the U.S. intends to plant 12 million acres of cotton in 2021. This came as no surprise and deemed market neutral as it was in line with industry opinion. Using historical yield and abandonment data, this would equate to a crop around 20.4 million bales. However, when applying last year's data, which seems more realistic, the crop could fall to 17.5 million bales. Looking at current consumption, either could be easily absorbed.

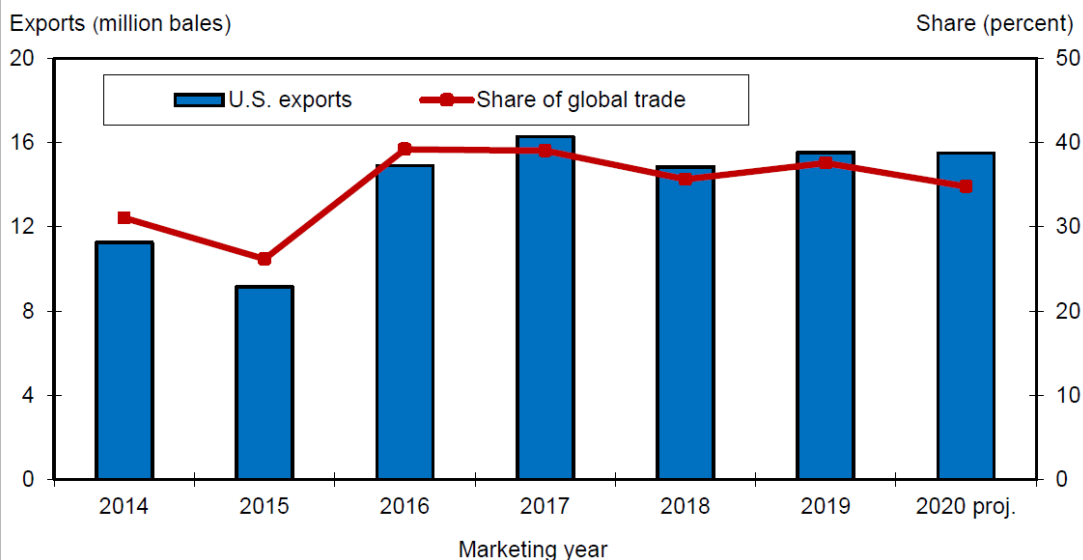
The headlines outside of cotton continue to support a recovering economy. There were 916,000 jobs added to the labor force in March exceeding expectations of only 735,000. This was the biggest monthly gain since last August lowering the unemployment rate for the third consecutive month to 6 percent. With more and more of the population receiving Covid vaccinations and pockets stuffed with stimulus money, their confidence is building as seen in the consumer confidence index rising to 109.7 from 90.4 last month. Though still below the pre-pandemic level of 137.6, it is a good indication we are on the cusp of renewed consumer spending.

December is slowly becoming the cover month as seen in the May/December spread narrowing to only four points compared to 603 points five weeks ago. The market will be closely watching weather conditions in the Southwest and how this crop gets started. It will trade off the numbers given to us last week until USDA's planted acres report is issued in late May. The underlying support for new crop prices is just too strong to keep December down for long. Although significant advances may not be seen until after planting, tighter inventories could provide additional price momentum prior to harvest.

U.S. cotton demand in 2020/21 is projected at 17.8 million bales, slightly below the February projection but similar to the previous 2 seasons. While U.S. cotton mill use is estimated at 2.3 million bales—7 percent above 2019/20—exports are forecast at 15.5 million bales, nearly identical to last season's shipments. Through the first 6 months of 2020/21, U.S. textile mills used approximately 1.1 million bales of cotton—24 percent below the corresponding period last season—as the industry recovers from the various impacts of the pandemic. Based on the latest estimate, cotton mill use is expected to improve slightly during the second half of the season. Meanwhile, competitively priced cotton from some foreign producers is expected to keep U.S. cotton exports relatively stable in 2020/21 despite a nearly 10-percent increase in global cotton imports this season. U.S. cotton export commitments through the first 7 months of 2020/21 reached 14.7 million bales, compared with 15.0 million bales for the same period last season. Based on the 2020/21 export projection, the U.S. share of global trade is forecast near 35 percent, below the 3-year average of 37 percent.

The USDA estimated U.S. cotton planting progress at 6% as of April 4th versus 7% a year earlier and the 5-year average of 5%. Texas planting progress was put at 11%. In the midst of heavy criticism from the U.S. and other countries over its treatment of Uyghurs in the autonomous region of Xinjiang, China has announced it would use mechanical harvesters to gather a large portion of its Xinjiang crop this year instead of hand labor.

U.S. cotton exports and share of global trade



Note: 1 bale = 480 pounds.

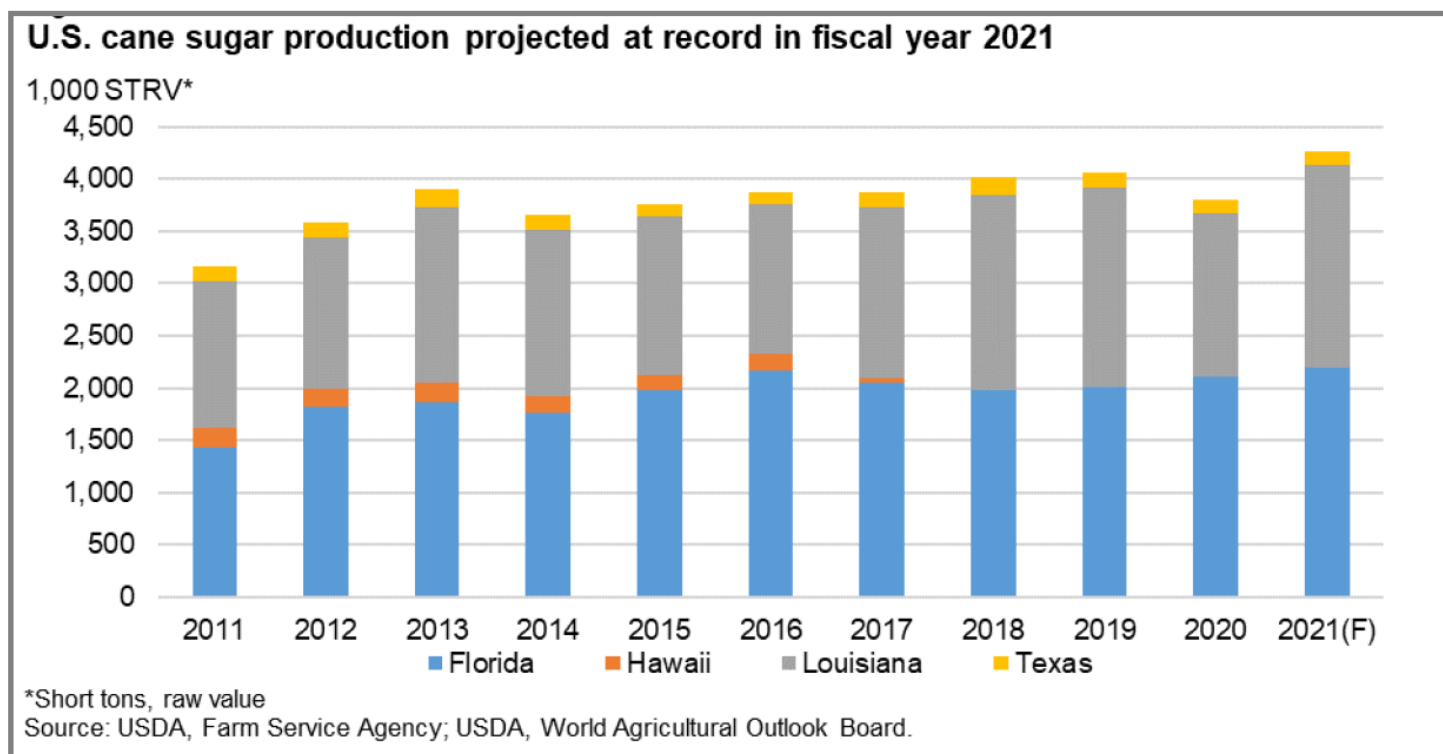
Source: USDA, World Agricultural Supply and Demand Estimates reports.

In-depth Crop Market Update (Cont.)

The information that is presented in this market update reflects current information as of April 7, 2021.

Sugar

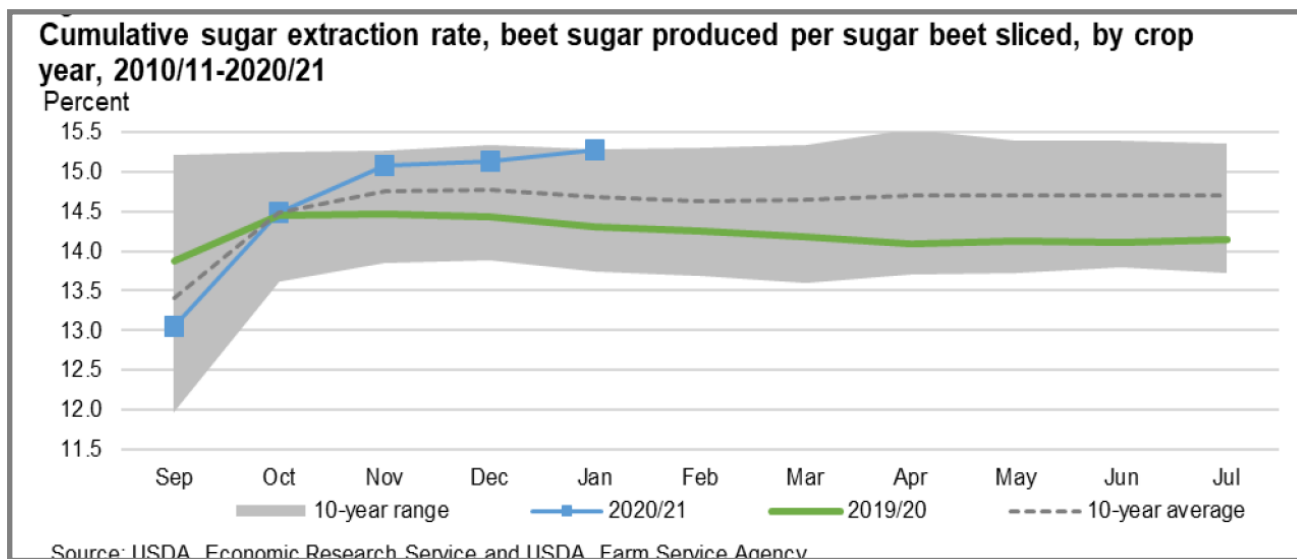
Sugar production is raised in 2020/21, mainly driven by upward revisions to cane sugar production in Florida and Louisiana. Beet sugar production is also revised up with a higher expected extraction rate.



Total cane sugar production in 2020/21 is raised to 4.251million STRV. Output for Louisiana is raised 18,000 STRV to 1.949 million on revised processor estimates published by the USDA's Farm Service Agency (FSA) in its Sweetener Market Data publication (SMD). On the other hand, Texas cane sugar production is revised down 2,000 STRV to 132,000 based on updated processor reporting. Florida cane sugar production is reduced slightly to 2.170 million STRV.

Beet sugar production is raised 47,000 STRV to 5.093 million, driven by a higher anticipated extraction rate. The expected extraction rate is raised from 15.126 percent to 15.275 percent to match the cumulative extraction rate for the beet crop in the marketing year to date (August through January), which is shown below. Recovery rates in all regions are projected to be above average. Overall, the cumulative extraction rate to date is higher than what was observed in any of the previous 10 years. It is worth noting that in the past 10 years, the average extraction rate through January tended to be a good indicator of the final marketing year extraction rate.

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In-depth Crop Market Update (Cont.)

The information that is presented in this market update reflects current information as of April 7, 2021.

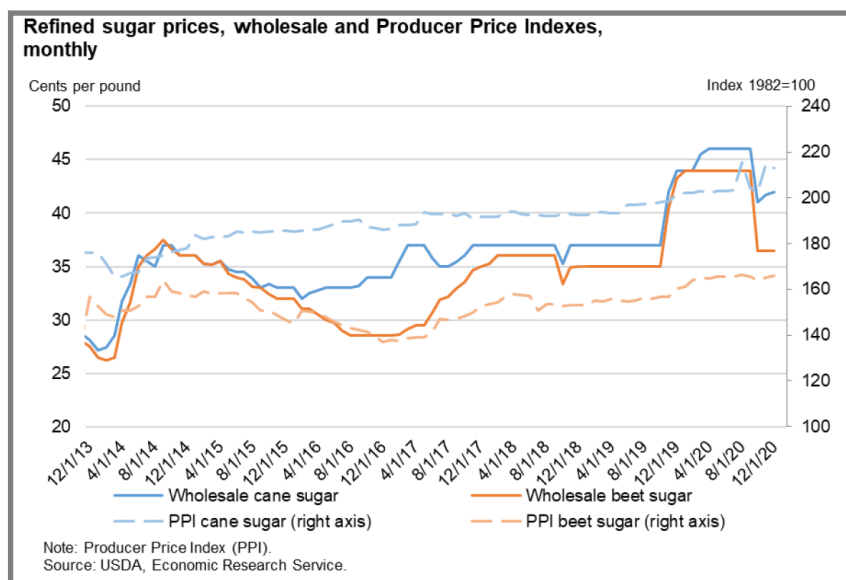
Sugar Cont'd

U.S. sugar supply and use for 2020/21 is unchanged from last month, with small offsetting changes within the balance sheet. An increase in projected imports is offset by a reduction in production, and there are no changes in use. High-tier imports are projected to increase 30,000 STRV to 200,000 on the strong pace set in the first half of the fiscal year and on oversubscribed imports of organic sugar beyond the remaining tranche that adds to sugar already being stored in bonded warehouses. The USDA has been unable to receive confirmation of media reports of decreased export potential in certain raw sugar TRQ countries that would imply an increase in the raw sugar TRQ shortfall. Cane sugar production in Florida is reduced 30,000 STRV to 2.170 million based on recent processors' reports which indicate lower sucrose recovery and lower area harvested. Ending stocks remain at 1.848 million STRV for an unchanged stocks-to-use ratio of 15.1 percent. There are no changes to the Mexico supply and use for 2020/21.

	2018/19	2019/20 Est.	2020/21 Proj.	2020/21 Proj.
			Mar	Apr
	<i>1,000 Short Tons, Raw Value</i>			
Beginning Stocks	2,008	1,783	1,618	1,618
Production 2/	8,999	8,149	9,374	9,344
Beet Sugar	4,939	4,351	5,093	5,093
Cane Sugar	4,060	3,798	4,281	4,251
Florida	2,005	2,106	2,200	2,170
Hawaii	0	0	0	0
Louisiana	1,907	1,566	1,949	1,949
Texas	147	126	132	132
Imports	3,070	4,235	3,122	3,152
TRQ 3/	1,541	2,152	1,721	1,721
Other Program 4/	438	432	300	300
Other 5/	1,092	1,651	1,101	1,131
Mexico	1,000	1,376	931	931
Total Supply	14,077	14,166	14,113	14,113
Exports	35	61	35	35
Deliveries	12,231	12,414	12,230	12,230
Food	12,106	12,316	12,125	12,125
Other 6/	126	98	105	105
Miscellaneous	28	74	0	0
Total Use	12,294	12,549	12,265	12,265
Ending Stocks	1,783	1,618	1,848	1,848
Stocks to Use Ratio	14.5	12.9	15.1	15.1

1/ Fiscal years beginning Oct 1. Data and projections correspond to category components from "Sweetener Market Data" (SMD). 2/ Production projections for 2019/20 and 2020/21 are based on Crop Production and/or processor projections/industry data and/or sugar ICEC analysis where appropriate. 3/ For 2019/20, WTO raw sugar TRQ shortfall (80) and for 2020/21 (99). 4/ Composed of sugar under the re-export and polyhydric alcohol programs. 5/ Imports from Mexico; and high-tier tariff sugar and syrups not otherwise specified -- for 2019/20 (275) and 2020/21 (200). 6/ Transfers accompanying deliveries for sugar-containing products to be exported (SCP) and polyhydric alcohol manufacture (POLY), and deliveries for livestock feed and ethanol. Total refiner license transfers for SCP and POLY inclusive of WASDE-reported deliveries: 2018/19 -- 374; estimated 2019/20 -- 298; projected 2020/21 -- 347.

The refined sugar price graphs shows the decline in October of both the refined beet and refined cane prices as quoted by Milling and Baking News. Note that for raw sugar, the tariff is set at 33.87 cents per kilogram or 15.4 cents per pound; for refined sugar, it is set at 35.74 cents per kilogram or 16.21 cents per pound. Depending upon the country of origin, the usual cost of freight and associated logistics can be as low as 2-4 cents per pound for raw sugar and 5 -6 cents per pound for refined sugar. Most of the sugar that is in bond after being blocked from the specialty sugar TRQ is organic sugar, which carries a premium price.



Finalized Hemp Rule Published by USDA

The 2018 Farm Bill directed USDA to develop a regulatory oversight program for hemp. The program includes provisions for the USDA to approve plans submitted by States and Indian Tribes for the domestic production of hemp. It also establishes a federal plan for producers in States or territories of Indian tribes that do not have their own USDA-approved plan and the production of hemp is legal.

Growers must first be licensed or authorized under a State hemp program, a Tribal hemp program, or the USDA hemp program. Louisiana's approved industrial hemp plan can be accessed at <https://www.ams.usda.gov/sites/default/files/media/LouisianaHempPlan.pdf>



The program you are licensed under depends on the location of your hemp growing facility. The first step is to contact your State's department of agriculture or Tribal government to confirm whether a production plan has been submitted to or approved by the USDA. If your State or Tribe has an approved plan or is in the process of developing a plan, you must apply and be licensed or authorized under its hemp program. If they do not have a plan nor intend to have a plan, you can apply for a license to become a producer under the USDA hemp production program. The USDA will maintain a list of States and Tribes that have been approved on our website. You cannot receive a hemp production license from a State, Tribe, or the USDA, if you have been convicted of a felony related to a controlled substance in the last 10 years.

Hemp produced in the U.S. under the U.S. Domestic Hemp Production Program may be certified as organic under USDA organic regulations. USDA accredited certifiers and farms should direct questions about the status of their state or tribe hemp program to state and tribe officials. For imported hemp, existing regulations and guidelines continue to govern whether products may be certified as organic.

USDA regulations require that all hemp produced under the USDA, State or Tribal hemp production plans be tested for THC concentration levels. Only USDA- approved sampling agents, or a Federal, State or local law enforcement agent authorized by USDA may collect samples. Please review the Guidelines for Sampling Agents to become an approved sampling agent under the U.S. Domestic Hemp Production Program.

Any laboratory testing hemp for THC concentration under the U.S. Domestic Hemp Production Program must be registered with the Drug Enforcement Administration (DEA) to handle controlled substances. The directory below summarizes hemp testing laboratories who are registered with the DEA. This directory is provided for informational purposes only and should not be considered an endorsement or recommendation.

A copy of the USDA Final Rule for industrial hemp can be accessed at <https://www.federalregister.gov/documents/2021/01/19/2021-00967/establishment-of-a-domestic-hemp-production-program>

Information from the LSU AgCenter on industrial hemp can be accessed at <https://www.lsuagcenter.com/topics/crops/industrial-hemp>

Newsletter Information

A group of growers inquired about a quarterly newsletter being delivered to them containing relevant market news and agricultural policy events. As a result, this publication will be delivered electronically per the release schedule. Please contact Dr. Mike Deliberto at mdeliberto@agcenter.lsu.edu to be added to the email distribution list. As always, subscription is free of charge.

QUARTER	Reporting Period	Release Date
1	January 1 through March 31	April 15
2	April 1 through June 30	July 15
3	July 1 through September 30	October 15
4	October 1 through December 31	January 15

Please direct questions and comments to Dr. Michael Deliberto, Department of Agricultural Economics and Agribusiness, LSU AgCenter. Mailing Address: 101 Martin D. Woodin Hall, LSU Campus, Baton Rouge, LA 70803. Office Phone: 225-578-7267. Email: mdeliberto@agcenter.lsu.edu

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