



Louisiana Conservation and Commodity Updates

June 2021, Issue-6

Drought in Mexico might Increase US Exports

Drought conditions in Mexico have impacted the top producing states for corn (Sinaloa), sorghum (Tamaulipas), and wheat (Sonora). Corn estimates are revised downward from 5.5 MT to 4.8 MT. Similarly, wheat production is expected to decrease by about 150 to 160 thousand MT. Farmers have reported a reduction in animal inventories of up to 40 percent. Although the rainy season, which started June 1, is projected to be above average, the country's northern regions are expected to struggle with drought conditions. These conditions could mean higher grain exports from the US to Mexico, possibly surpassing the \$18.4 billion in exports from 2020.



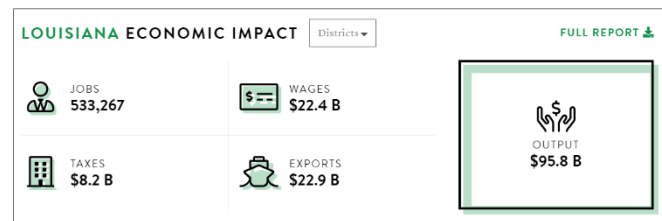
Source: USDA-FAS

Biofuel Market expects Strong Growth

The US biofuel market is expected to grow by 20% by 2026. U.S. Corn ethanol output hit its 15-month high, reaching 1.06 million barrels per day in the week ending June 4. Corn use for ethanol will be at least 75 million bushels higher than the original estimate of 4.975 billion bushels at these output levels. Similarly, renewable diesel production in the US is expected to grow to 63 million barrels by 2024, requiring an additional 17 billion pounds of feedstock. Unlike biodiesel with blending limits, renewable diesel can contain up to 100% of the renewable feedstock. Producers rely on corn and soybean oil for biofuel production. USDA recently announced \$700 million in aid to biofuel producers recovering from the financial impacts of the pandemic.

\$\$ for Ag in the Infrastructure Bill

A 2021 study showed each sector by state and their relative contribution to the country's economic activity. The report also indicated a \$17 return on investment on every \$1 spent on R&D in agriculture over the last century. However, the US has fallen behind on agricultural investments compared to China, Brazil, and India. Several organizations joined in on a letter to the president asking for increased investments, at least \$40 billion, for agricultural research in the infrastructure bill. The 2020 contribution of Louisiana agriculture is shown below.



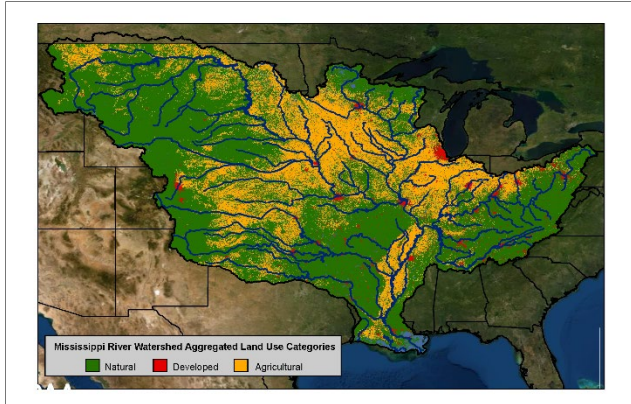
Source: Feeding the Economy

Debt Relief Payments on Hold

The USDA's plan to provide debt relief payments for minority farmers for up to 120% of indebtedness is currently on hold after a federal judge granted a restraining order in a lawsuit challenging the constitutionality of the program. At least seven federal lawsuits filed across the country challenging the program, which passed Congress in March. However, USDA is processing these payments and is encouraging eligible farmers to submit paperwork.

The "Dead Zone"

This year's prediction for the dead zone, an area of low to no oxygen in the Gulf of Mexico, is predicted to be about 4,880 sq. miles, below the five-year average of 5,400 sq. miles. However, the Interagency Mississippi River and Gulf of Mexico Hypoxia Task Force set a goal of 1,900 sq. miles. The dead zone is primarily caused by excess nutrient runoff from urban and agricultural areas throughout the Mississippi River watershed. The picture below shows the land use categories within the watershed.



Source: USGS

Quality Loss Adjustment (QLA) payments

Starting June 15, USDA began releasing payments for agricultural producers affected by natural disasters in 2018 and 2019, with approved applications for the QLA program and the Wildfire and Hurricane Indemnity Program plus (WHIP+). QLA provides assistance to crop and forage producers for losses in each crop year, 2018, 2019, and 2020.

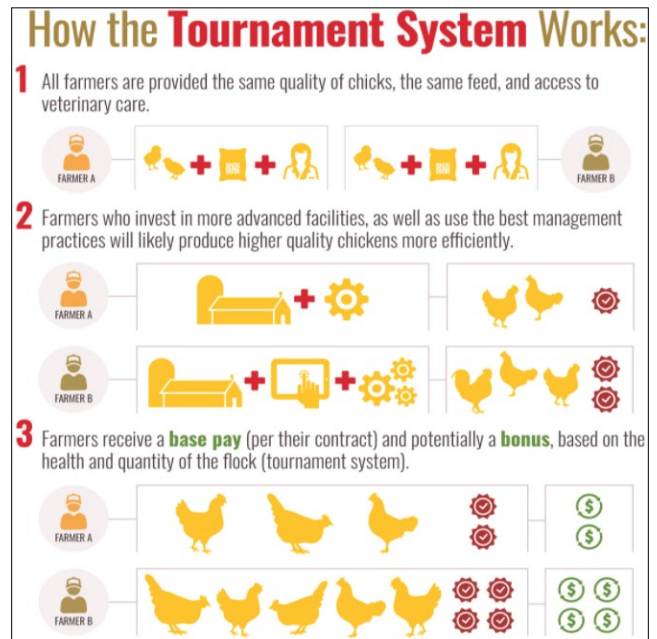
Packers and Stockyards Act

This proposed act ensures fair competition and fair trade practices, safeguards farmers and ranchers, protects consumers, and protects members of the livestock, meat, and poultry industries from unfair, deceptive, discriminatory, and monopolistic practices.

The USDA intends to take three actions related to the ACT,

1. Provide greater clarity to strengthen enforcement of unfair and deceptive practices
2. Propose a new poultry grower tournament system to the existing performance-based approach that provides farmers with added incentive to raise healthy chickens
3. Clarifying that parties do not need to demonstrate harm to competition to bring an action under its 202(a) and 202(b) sections

The below infographic shows the existing tournament system; A downloadable version of the infographic can be found here <https://bit.ly/3wSAjWv>



Source: Chickencheck.in

Changes to HAULS Act

A recently introduced bill would add agriculture exemptions, mainly increasing hours-of-service flexibility for ag and livestock haulers. Three main provisions included in the HAULS Act of 2021 include

- a. A 150 air-mile radius to the hours of service exemption to destination in addition to a similar 150 air-mile radius for the beginning location
- b. Removing seasonal limitations on hours of service exemption. Previously hours of service that limit driver on duty to 14 hrs and driving to 11 hours was exempt only during state-designated planting and harvesting periods
- c. Adding ag and livestock products that are either non-processed or minimally processed to the agricultural commodity definition, allowing haulers to utilize the ag and livestock hours of service exemptions.

Questions and comments:

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