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USDA '08 counter-cyclical payments only for cotton – not for peanuts, corn, grain sorghum or soybeans

By Agri-Pulse Staff

Agriculture Secretary Tom Vilsack announced Wednesday that USDA will not issue final 2008 counter-cyclical payments to farmers enrolled in the Direct and Counter-cyclical Program for peanuts, corn, grain sorghum, soybeans and oats because average commodity prices remain above levels that trigger these payments.

USDA will issue payments for upland cotton beginning Wednesday, Oct. 14. The final counter-cyclical payment rate for upland cotton is 12.58 cents per pound – the statutory maximum level. Producers who received a partial payment will receive 7.55 cents per pound, the final rate of 12.58 cents less the partial payment rate of 5.03 cents per pound.

The 2008 Farm Bill requires 2008 final counter-cyclical payments to be paid as soon as practical following the end of the marketing year, but not sooner than Oct. 1, 2009. Because the National Agricultural Statistics Service (NASS) published the final marketing year average prices for peanuts on Aug. 31, 2009, and for corn, grain sorghum and soybeans on Sept. 29, 2009, USDA can now determine that no final payments will be made for these commodities. The 2008 Farm Bill provides that one partial counter-cyclical payment may be issued after 180 days of the marketing year. However, USDA did not issue a partial payment for the 2008 crop of peanuts, corn, grain sorghum or soybeans because these markets were strong.

NASS announced the final market year average price for upland cotton on Oct. 9, 2009 of 47.8 cents per pound, and will announce long-grain and medium and short-grain rice prices on Jan. 29, 2010. No final counter-cyclical payments for rice are expected because the preliminary market year average prices for rice announced by NASS on Aug. 31, 2009, far exceeded their respective effective prices.

The counter-cyclical payment rate is the amount by which the target price of each commodity, specified by the 2008 Farm Bill, exceeds its effective price. The effective price equals the direct payment rate plus the higher of either the national average market price received by producers during the marketing year or the national average loan rate for the commodity.

The final marketing year prices per bushel are 23.0 cents per pound or $460.00 per ton for peanuts, $4.06 for corn, $3.20 per bushel for grain sorghum and $9.97 for soybeans. There are no final counter-cyclical payment rates for peanuts, corn, grains sorghum and soybean oats because their effective prices exceeded target prices.

A table displaying the target price, average market price, loan rate, direct payment rate, effective price and final counter-cyclical rate for peanuts, corn, grain sorghum, soybeans and cotton is available at: http://www.fsa.usda.gov.

For each commodity, the counter-cyclical payment for each crop year equals 85 percent of the farm's base acreage multiplied by the farm's counter-cyclical payment yield multiplied by the counter-cyclical payment rate.

For more information on the direct and counter-cyclical payment programs, visit your local FSA office or the FSA Website: www.fsa.usda.gov.

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