January 10, 2024 Volume 20, Number 2

Exclusive poll: Farmers favor Trump, hold grim view of country's track

Farmers and ranchers believe the nation is on the wrong track, and a strong plurality support electing Donald Trump to another term as president, according to a poll commissioned by *Agri-Pulse* of producers across the country.

Some 39% of the 605 farmers surveyed by the Stratovation Group said they would most likely vote for Trump, with Florida Gov. Ron DeSantis second at 19%, former South Carolina Gov. Nikki Haley third at 13%, and President Joe Biden trailing those three Republicans at 8%.

Some 61% of the farmers identified as Republicans, and 45% of those favored Trump, with 25% preferring DeSantis, followed by 18% who favor Haley. Vivek Ramaswamy was the pick of 8%, while former New Jersey Gov. Chris Christie was selected by only 4%.

Just 10% of the surveyed farmers identified as Democrats, and 62% of them support Biden, while 20% support Minnesota Rep. Dean Phillips.

Another 18% of farmers identified as independents. Trump was favored by a plurality, but a number of other candidates have their support, including Biden, Haley and DeSantis.

The farmers were asked to rate on a scale of zero to 10 how well they think the country is going; an answer of zero was considered "not at all satisfied," while 10 was "extremely satisfied." The average answer was just 2.54.

Supporters of former President Donald Trump hold up their hats during a commit to caucus rally, Wednesday, Sept. 20, 2023, in Maquoketa, Iowa. (AP Photo/Charlie Neibergall)

Republican farmers had by far the grimmest view of the country's state, with an average rating of 1.81, compared to 3.27 for independents and 6 for Democrats.

The survey, conducted online from Dec. 14-22, includes representative samples of farmers and ranchers with at least $100,000 in gross farm income in the Midwest, South and California.

The producers' top policy concerns include protecting against acts of terrorism, and upgrading or repairing transportation infrastructure, both of which were called "extremely important" or "somewhat important" by 92% of those surveyed.

Other top concerns include "selling more U.S. farm products overseas" (91%), the federal budget deficit (89%), illegal immigration (87%), protection of water quality (87%), and "common sense environmental regulations for crop input use." (87%).

Just 43% of the farmers believe it's at least somewhat important to address climate change. There was some notable difference in policy concerns depending on farmers' political identification.

The most important issue for Republican farmers included rural broadband connectivity, cited by 95% of those surveyed, followed by the budget deficit (94%) and selling more ag products overseas (93%).

Independents cited illegal immigration as a top concern (94%), followed by rural broadband and increasing ag exports. For Democrats, the top concerns were ag exports (97%), foreign land ownership (95%) and negotiating new trade agreements (94%).

The concerns about trade policy are noteworthy given that Trump is calling for imposing an across-the-board tariff of U.S. imports that farm groups fear could invite retaliation against American ag exports. Trump, DeSantis and Haley also want to end China's "most favored nation" trade status, which could raise tariffs on imports from China.

The first votes of the primary season will be cast next Monday when Iowa holds its GOP caucus.

Farmers' views are generally in line with polling of GOP voters in Iowa, although the gap in support between Trump and DeSantis was narrower in the *Agri-Pulse* poll.

As of Tuesday, Trump was favored by 51% of likely caucus-goers, to 17% for DeSantis,16% for Haley and 7% for Ramaswamy, according to the FiveThirtyEight average of polls.

Trump tariff plans worry ag groups, threaten trade war redux

Former President Donald Trump is promising to renew his attack on the U.S. trade deficit, should he win a second term, by imposing an across-the-board tariff on imports, a prospect that is alarming to farm groups still pained from his past trade wars.

Trump also has pledged to end China's normalized trade relations with the United States, a position shared by his two leading challengers, Florida Gov. Ron DeSantis and former South Carolina Gov. Nikki Haley.

But Trump's call for a broad "baseline" tariff on U.S. imports from around the world goes well beyond what his challengers have suggested, and some farm groups fear such duties would provoke other countries to retaliate against U.S. ag imports, much as China and the European Union did when Trump targeted them with tariffs during his administration.

"The concern for retaliation definitely is real," said Tracey Chow, who follows trade policy for the Western Growers Association.

While many in agriculture and elsewhere were skeptical Trump would carry out the trade policy he proposed during the 2016 campaign, Chow said "he really did lean into exactly what he said that he was going to do, and so he weaponized tariffs to a certain degree that really upended a lot of the trade markets that we had."

Virginia Houston, director of government affairs for the American Soybean Association, said her group opposes the use of tariffs or other market access barriers as a trade negotiating tactic because they "could precipitate retaliation against soybeans or soy-based exports. So, whether that's a candidate's proposal, a congressional proposal or administrative proposal, we are opposed to the use of tariffs as a negotiating tool."

Trump hasn't provided details for his baseline tariff concept, including the legal authority he thinks he has to implement the duties. But his campaign website makes clear that the tariffs are intended to be broadly applied to imports.

Trump "will impose tariffs on FOREIGN producers through a system of universal baseline tariffs on most imported goods," the website says. "Higher tariffs will increase incrementally if other countries manipulate their currency or otherwise engage in unfair trading practices." Trump's campaign didn't respond to a request from *Agri-Pulse* to discuss his trade policy.

During an interview with Fox Business in August, Trump offered the figure of 10% for the baseline tariff. Trump's former trade ambassador, Bob Lighthizer, told the *New York Times* in a recent interview that the baseline tariff would be imposed on top of existing duties – so a tariff that's now 5% would be increased to 15%.

Lighthizer also told the *Times* the size of the U.S. trade deficit gives the president "clear authority" to impose tariffs under either the International Emergency Economic Powers Act or Section 338 of the Tariff Act of 1930.


Former President Donald Trump

Joe Glauber, a former chief economist for USDA who is now at the International Food Policy Research Institute, said a 10% across-the-board tariff would almost "immediately trigger countermeasures by most of our large trading partners."

U.S. ag exports would "be a big target" of those retaliatory tariffs, noting that the European Union also targeted American ag products as the result of Trump's tariffs on steel imports.

Soybean growers were hit especially hard by China's retaliatory tariffs in 2018, although the Trump administration ultimately compensated growers for the impact through the Market

Facilitation Program, a series of payments funded out of USDA's Commodity Credit Corporation. Congress lifted restrictions on USDA's use of the CCC as the Trump White House was gearing up for the trade war.

China's 25% tariff on U.S. soybeans remains on the books but was suspended by the "phase one" agreement Trump reached with China in 2019.

A 2021 study by economists at the University of Georgia and the University of California, Davis, said the retaliatory tariffs "effectively drove a wedge into the world soybean market, lowering U.S. prices at Gulf export locations" by 74 cents a bushel for several months while raising Brazilian prices by 97 cents a bushel.

U.S. ag exports to China fell from $21.9 billion in 2017 to $10.1 billion in fiscal 2018 but eventually reached $33.4 billion in FY21 and $36.2 billion in FY22, according to USDA data. In addition to the phase one deal, an outbreak of African swine fever that devastated Chinese hog production also helped bolster U.S. exports to China significantly.

Chow said some specialty crops affected by Chinese tariffs, including grapes and walnuts, have never fully recovered from the trade war. She said the exact impact of the retaliatory tariffs is difficult to quantify because of other factors, including supply chain disruptions.

"As we've always seen, not even just obviously under the Trump presidency, but even historically, ag is always at the tip of the spear when it comes to retaliation," she said.

Going forward, the Trump campaign also promises to "completely eliminate U.S. dependence on China – the primary beneficiary of Democrats' globalist agenda."

The idea of ending China's permanent normal trade relations has been catching steam with Republicans in and out of Washington.

A special House committee last month issued a series of recommendations on China policy but stopped short of calling for revoking PNTR, which provides limits on tariffs, but still recommended raising tariffs on Chinese exports while taking steps to protect U.S. farmers from the trade retaliation that would likely result.

The House Select Committee on the Chinese Communist Party said China should be moved to "a new tariff column that restores U.S. economic leverage." The report said the tariff increase should be done "over a relatively short period of time" to prevent "avoidable disruptions."

During a speech to the American Enterprise Institute last June, Haley called for revoking PNTR as leverage to end the flow of fentanyl into the United States.

Haley praised Trump for using his presidency to challenge what was a "bipartisan consensus" that normal trade relations with China were "all reward and no risk." She said Trump "was almost singularly focused on our trade relationship with China. He was right about trade abuses. It was and still is a critical issue. But Trump did too little about the rest of the Chinese threat."

DeSantis said during a campaign stop in New Hampshire that the "asymmetric relationship between our two countries must come to an end."

The Iowa Farm Bureau Federation, which conducts a survey of candidates in the Iowa caucus, which takes place Monday, asked candidates whether they would support "free trade agreements that reduce tariffs and trade barriers" to ag products and inputs. Haley, DeSantis and Vivek Ramaswamy all said they would. The Trump campaign didn't respond.

"As president, Iowa's – and America's – farmers will be my partners. I will focus on selling what our farmers are making because I want everybody to buy what we have," said Haley.

"I will seek to expand market access for U.S. agricultural producers," DeSantis said.

Ramaswamy said "free, bilateral trade agreements help open markets abroad to our goods and keep the cost of living low at home."

Foreign landholdings grew in 2022, but remain small

Just over 3% of America's farm, ranch, and forest land is now owned by foreign buyers after overseas interests purchased another 3.4 million acres in 2022, according to a new Agriculture Department report.

Foreign investors owned or leased 43.4 million acres, or about 3.4% of the nation's total farm, ranch and forest land, in 2022, according to the USDA's most recent data on foreign land purchases. About 45% of the growth occurred in three states: Colorado, Alabama and Michigan. Just because 3.4 million additional acres were added in the 2022 report doesn't mean that land was purchased that year, according to Michigan State University Economist David Ortega.

"This is self-reported," he said. "We don't know if this increase that's being reported is because of an actual increase in purchases or if it's just a reconciliation of past transactions."

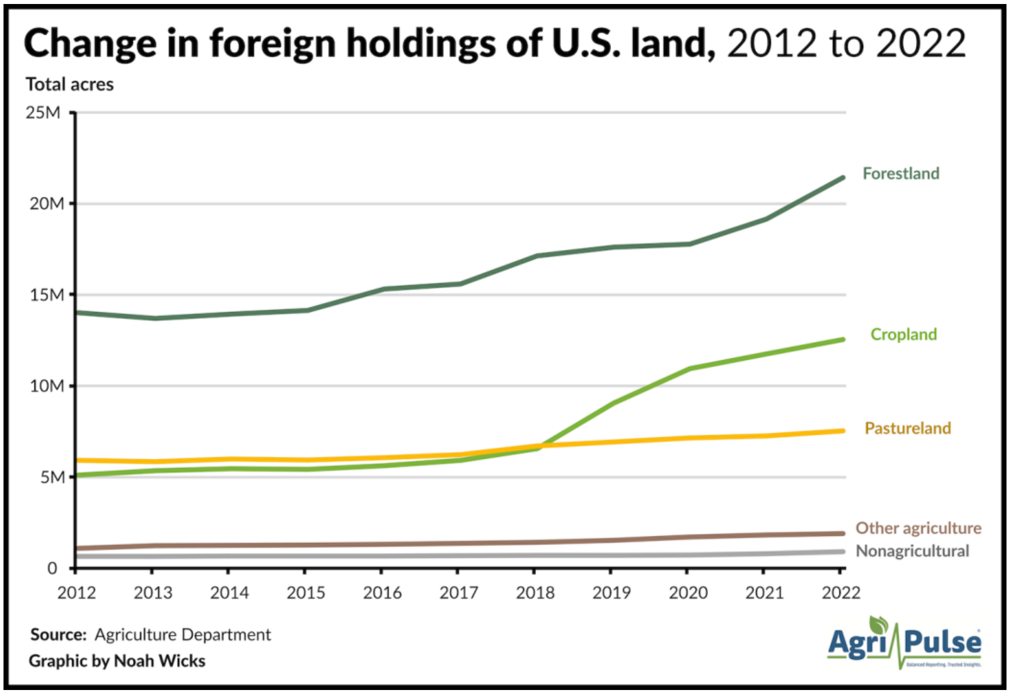
Under the Agricultural Foreign Investment Disclosure Act of 1978, foreign investors must file documentation with USDA detailing land acquisitions and dispositions or incur a late fee worth 0.1% of the land's value for each week purchases go unreported, with the penalty capped at 25% of the land's value.

Not every foreign entity that holds land files reports on time, however, and the USDA in recent years has struggled with the task of penalizing those that don't. Talking points prepared for Ag Secretary Tom Vilsack in 2023, obtained by *Agri-Pulse* through a Freedom of Information Act request, say "poor record keeping" at the agency "resulted in inconsistent reports that could not be used as the basis to assess penalties" between 2016 and 2020. The document also pointed to "very limited staffing" that also posed a challenge from 2015 to 2018.

In a March 2023 letter to Rep. Dan Newhouse, a Washington Republican who has been vocal on the issue, Vilsack said that from 2016 to 2020 USDA had only "two to three" national office employees to sift through the growing number of filings the agency received.

"At the time, given this limited staffing, priority was given to providing the most accurate data to Congress in the annual report over the issuance of penalties," Vilsack wrote Newhouse.

The agency last year hired six AFIDA specialists to better track filings and is once again assessing penalties; USDA assigned 14 to companies in 2022 and seven in 2023. Recent numbers may still be understated, however, due to AFIDA's self-reported nature; the agency acknowledged in the report that the 2022 data "should be regarded as preliminary" because of late and incomplete filings.



Foreign investors reported 557,000 additional acres in Colorado in 2022, much of which was cropland and rangeland, according to the report. Some of this land was reported late; Canadian-owned High Lonesome Ranch was assessed a $7,579 penalty last year for not filing forms with USDA, while Roan Creek Ranch, also under Canadian ownership, had to pay $855 for the same reason.

Foreign holdings in Alabama and Michigan, meanwhile, grew by 514,000 and 461,000 acres, respectively. The report said these increases mostly stem from large forestland purchases.

Not every state, however, saw foreign-held land increase. Six states — Arkansas, Illinois, Maine, North Carolina, Ohio, Oregon and Vermont — saw a combined 302,601 acres fall out of foreign investors' hands, either through land sales or the termination of long-term leases, according to the report.

Texas has over 5.4 million acres of foreign-held land, the largest amount of any state. Maine follows with almost 3.5 million acres. Most of the foreign-held land in these two states is forestland, the report says.

Foreign holdings grew at an average rate of about 600,000 acres per year between 2012 and 2017, and at nearly 2.9 million acres annually in the five years that followed. Forest land represents 48.3% of overall foreign landholdings, while cropland makes up 28.3%. Pasture and other agricultural land, meanwhile, collectively represent 21.3% of all foreign holdings, according to the report.

Wind developers are believed to possess at least a quarter of the overall acres of foreign-held land in the U.S. based on the presence of the word "wind" in their names, according to the report. These companies often sign long-term leases for land, though their overall footprint "is likely to be much smaller than the full parcel size that filers typically report."

The agency is grappling with how to better identify and track leases of 10 years or more, which are currently captured alongside land purchases under AFIDA.

FSA's Steven Peterson asked for suggestions last month on whether long-term leaseholders, often wind and solar companies, should file their own version of the FSA-153 form, noting that current forms have "no specific questions" about leases.

"Long-term leases are a significant category of reports, and Congress and others have a strong interest in capturing leasing data," Peterson said in the request for comment.

Investors from Canada, including both entities owned entirely by Canadians and by U.S. corporations with Canadian shareholders, hold 14.2 million acres of land, or 32% of all the foreign-owned land reported by USDA. Investors from the Netherlands followed, accounting for 12% of all foreign-held landholdings, while Italy and the United Kingdom each made up 6%.

Chinese landholdings, which have been a focus of concern for lawmakers in recent years, represent less than 1% of foreign-held agricultural acres, according to the report. Chinese investors and U.S. corporations with Chinese shareholders held 346,915 acres in total, and no land was held directly by the Chinese government.

"Chinese ownership of U.S. agricultural land, from the perspective of affecting our ability to produce food, is a nonissue," Ortega said.

Approximately 87% of the reported Chinese holdings belong to five companies: Brazos Highland properties (102,345 acres), Murphy Brown LLC (102,345 acres) Murphy Brown of Missouri (42,716), Harvest Texas LLC (29,705 acres) and Walton International Group (29,437).

Brazos Highland Properties and Harvest Texas are Texas-based wind energy companies associated with Chinese Communist Party member Sun Guangxin, while Murphy Brown and Murphy Brown of Missouri are subsidiaries of pork giant Smithfield Foods. Walton International Group is a real estate investment and development firm with investors from around the world.

Lawmaker concern over Chinese landholdings has spawned at least 10 different legislative proposals to bar land purchases by investors from that country and other "foreign adversaries," according to a recent analysis by the Congressional Research Service, though none have managed to make it through both chambers.

The Promoting Agriculture Safeguards and Security (PASS) Act, which would require the Committee on Foreign Investment in the United States to bar land purchases by investors "subject to the jurisdiction or direction of" the governments of China, Russia, North Korea and Iran from purchasing land, was approved as an amendment to the Senate version of the National Defense Authorization Act, but did not make it into the final version of the bill.

Chinese investor landholdings actually appear to have decreased from the 2021 foreign land report by 27,000 acres, though its authors noted that this is because they "incorrectly overstated" Chinese holdings in 2021 by not including information about changes in Brazos Highlands' ownership.

"Harvest Texas acquired Brazos Highlands and while the acquisition for Brazos Highlands was entered in 2021, the disposition by Harvest Texas was not entered until this year," the report said.

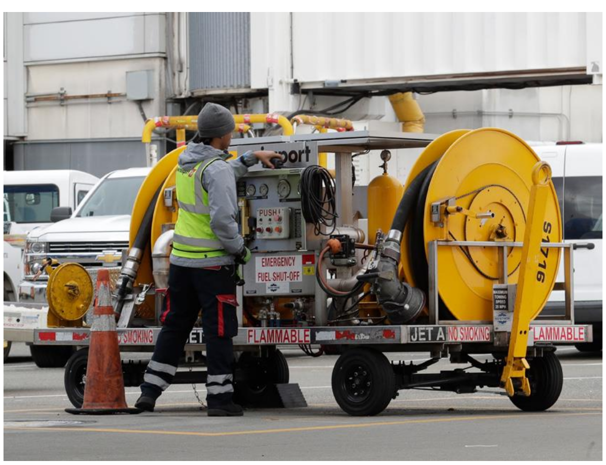
Fourteen foreign entities were hit with penalties in 2021 for reporting their landholdings late, including four subsidiaries of Chinese-owned seed and agrochemical giant Syngenta. The company, which is owned by the China National Chemical Corp., had to pay $46,976 that year for the violations.

Seven fines were imposed on foreign investors last year, including the assessments on High Lonesome Ranch and Roan Creek Ranch. Canadian-owned power company Invenergy was assigned a $90,029 penalty for filing late, while Smithfield Foods subsidiary Murphy Brown was forced to pay $4,733.

Airlines balk at California's biofuel plan; soybean sector weighs possible requirements

A plan by the California Air Resources Board to increase the use of sustainable aviation fuel is drawing criticism from the airline industry, which says the proposal goes too far, while the soybean industry is concerned about possible sustainability requirements for ag feedstocks.

The plan, contained in proposed amendments to the state's Low Carbon Fuel Standard released in December, is intended to boost the use of SAF on flights that originate and land in the state. The amendments would remove an existing exemption from the LCFS for jet fuel in 2028.



(AP Photo/Ted S. Warren)

Other proposed amendments would ensure that dairy digesters would remain in the LCFS program as credit creators over the objections of some environmentalists.

The growing SAF industry – and the ag industry in general – is examining the details of the SAF proposal in anticipation of submitting comments next month. A public hearing is scheduled in March.

In California, intrastate jet fuel makes up about 10% of total jet fuel consumption and is responsible for 2% of greenhouse gas emissions in the state's transportation sector, the CARB staff's "Initial Statement of Reasons" document states.

As emissions from other forms of transportation decline, the 2% share is expected to increase, CARB said.

But Airlines for America, the trade group for the nation's airline industry, said in a brief statement provided to *Agri-Pulse,* that it does not "support California's proposal to amend the LCFS to regulate jet fuel for intrastate flights as it would raise the cost of jet fuel and not lead to greater volumes of SAF production." In addition, A4A said CARB "does not have legal authority for the proposal as states are federally preempted from regulating jet fuel."

"U.S. airlines are committed to increasing the availability and use of sustainable aviation fuels throughout the United States," A4A said, adding that allowing SAF use to generate credits "has helped California become a leader in SAF production and use."

The International Air Transport Association has committed to achieving net-zero carbon emissions by 2050, with SAF potentially providing 65% of the solution.

"We would expect new propulsion technology, such as hydrogen, to take care of another 13%," IATA said in 2021. "And efficiency improvements will account for a further 3%. The remainder could be dealt with through carbon capture and storage (11%) and offsets (8%)."

The National Business Aviation Association is taking a similar position. In a statement, NBAA commended the adoption of the LCFS, but said that "we don't support the proposed amendment to the standard, as it would not meet our overall objective of boosting SAF production, it would likely lead to cost increases for existing jet fuel and as written the proposal likely sidesteps federal preemption on the regulation of jet fuel."

The International Council for Clean Transportation, however, called the proposed amendments underwhelming.

Responding to a request for comment, ICCT researcher Jane O'Malley said while ICCT "supports the inclusion of conventional jet as a deficit-generating fuel," the proposed amendments "fell really short on ambition."

"Only intrastate flights (those that take off and land in California) will be obligated, so this is only a small fraction of total jet fuel consumption," O'Malley said in an email. "The obligation period was delayed to 2028 and no meaningful sustainability safeguards were implemented to prevent a ramp-up in high-risk, low-reward hydroprocessed vegetable oils."

She said ICCT would be writing in more detail about the proposal soon. The comment period ends Feb. 20 and the public hearing is scheduled for March 21.

Alexa Combelic, ASA

A source in the SAF industry disagreed with the preemption argument, saying that just as California can regulate maritime or rail operations in the state, it can regulate jet fuel.

"All diesel in the state, whether it's used in the state or out of the state is obligated – whether it's imported into the state, or produced in the state," the source said. "They don't track whether that truck goes out of the state or not, they just obligate that diesel fuel."

"Obligated parties" under the LCFS must purchase credits to meet the program's goals.

One issue groups and companies will be seeking clarity on has to do with the extent of the new requirement.

"What I'm curious about is if it's going to apply to any jet fuel that fuels an airplane in the state of California," said Alexa Combelic, director of government affairs at the American Soybean Association, citing as an example a plane that fuels up at LAX and then flies somewhere out of the state.

The provision "would be limited to flights that take off and land within the state of California," the staff report says.

Overall, Combelic called the proposal a "mixed bag." ASA was happy to see that it does not include a cap on agricultural feedstocks in the LCFS, something that had been discussed during CARB workshops leading up to the proposal.

At the same time, the group is concerned about sustainability requirements for feedstocks that are under consideration.

"We just want to make sure that, that we can prove our sustainability in a way that's not going to cost an arm and a leg in reporting requirements," she said.

Combelic also wonders whether the proposed elimination of palm-based feedstocks will include palm-derived used cooking oil, which right now is a large part of the market. "I don't think that's been made quite clear," she said.

LanzaJet, which uses ethanol to produce SAF, said it was "encouraged by [CARB] taking this initial step, as it helps level the playing field for the production of Sustainable Aviation Fuel (SAF) relative to other renewable fuels, further supporting aviation's ability to decarbonize the industry."

Food sector monitoring future market conditions as weight loss drugs take hold

Even as a growing number of patients turn to pharmaceutical intervention to aid in their weight loss efforts, food industry observers say they do not see diets or food patterns shifting dramatically.

But food companies are still watching closely to position themselves moving forward.

A small percentage of Americans are already taking semaglutide – marketed by Novo Nordisk as Ozempic and Wegovy. The medication – which was originally a diabetes treatment – suppresses hunger by lowering blood sugar and slowing the stomach's emptying process. Users then eat less because they feel more "full," and studies find they can shed 15 to 20% of their weight. In November, Novo Nordisk studies reported that in addition to helping patients lose weight, the drug also lowers the risk of heart attack, stroke and death from cardiovascular disease by 20%.

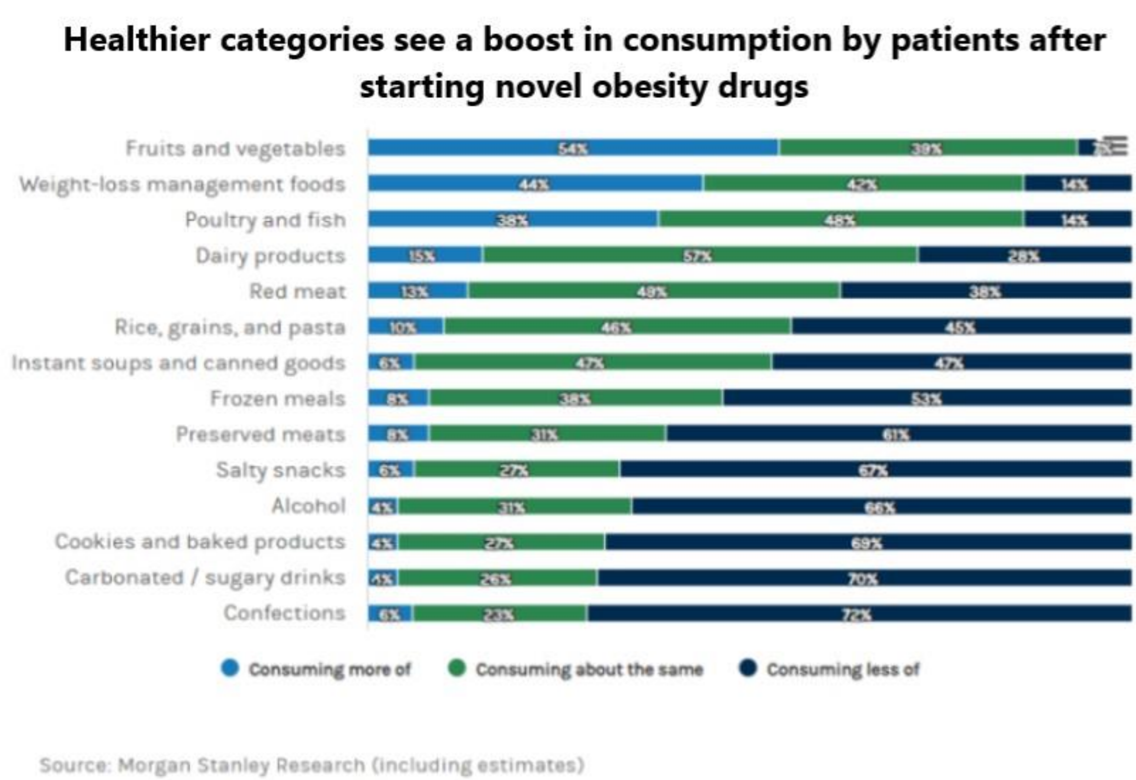
Usage of GLP-1 class of hormone regulators such as Ozempic and Wegovy has increased 300% between Q1 2020 and Q4 2022, Trilliant Health reports. Morgan Stanley projects 24 million people – or 7% of the U.S. population – could be taking obesity drugs by 2035.

While users of the drugs might be curbing their appetites, Thomas Bailey, consumer analyst for Rabobank, said he believes the hype around Ozempic and similar drugs' impact on overall food consumption is "overblown."

"It's not going to devastate the wallet of retailers," Bailey told *Agri-Pulse*, but noted the effects could be something to monitor.

Retailers and food companies are taking notice.

Walmart CEO John Fumer said in an October interview with Bloomberg that the major retailer saw a "slight pullback" in the quantity of what Ozempic users purchased and the calories in those items. Walmart plans to evaluate shopper trends more closely moving forward.



Nestlé reported in its latest sales conference call that the company is watching the increase in consumer acceptance of the drug therapy and is “already developing a number of companion products” for the time patients spend on the drugs and after.

“The goal will be to address the risk of malnutrition and the loss of lean muscle mass while on the GLP-1 therapy and to avoid or limit weight rebound after the therapy,” said Mark Schneider, the company's CEO. “These innovations are right in our wheelhouse, where we can bring our deep understanding of nutritional science and appropriate supplementation to the table.”

Schneider believes any market disruption that could come from fewer purchases of its center-of-the-plate or snacking products will be offset by new products to complement the therapy.

Morgan Stanley’s tobacco and packaged food analyst Pamela Kaufman projects restaurants and food and beverage companies could all see “softer demand, particularly for unhealthier foods and high-fat, sweet and salty options.”

As more people use obesity drugs, overall consumption of carbonated soft drinks, baked goods and salty snacks may fall by up to 3% by 2035, Morgan Stanley anticipates. Dara Mohsenian, Morgan Stanley beverages and household products analyst, said shifting sales to low or no-calorie offerings can help balance the anticipated drop.

Morgan Stanley says consumers using the drugs are increasing their consumption of healthier foods such as fruits and vegetables, weight-loss management foods, poultry and fish.

More nutritional research is needed to better understand the links between food and these obesity medications, Grant Leslie, head of the FGS Global food team, told *Agri-Pulse*.

On Capitol Hill, she’s already seeing a new intersection between the pharma and agricultural sides, “universes that don’t really know each other.” Now, Leslie said it bears monitoring the type of research, conversations and eventual policy that comes out of this new intersection of ideas.

Short-term food demand impact will be subdued, Rabobank’s Bailey explained, as widespread adoption is limited by the medicine’s high cost; the drugs are generally not covered by most insurance plans.

In December, Yale School of Medicine diabetes expert Kasia Lipska told the Senate Health, Education, Labor and Pensions Committee the price tag for Ozempic is more than $900 per month; Wegovy can cost patients $1,300 per month.

“If Medicare were to fully cover Wegovy for all of its beneficiaries with obesity, we as American taxpayers would end up with a $268 billion invoice,” she said, noting that equals 70% of all the money that was spent on all prescription drugs in the U.S. in 2021.

Meanwhile, the same drugs cost roughly $100 per month in Sweden and $80 in Australia and France. These governments are negotiating directly with pharmaceutical companies to keep costs lower.

"That's not socialized medicine. That's smart negotiating," she argued.

The Inflation Reduction Act already authorizes the secretary of the Department of Health and Human Services to negotiate prices with pharmaceutical companies under specific provisions and for a limited set of drugs. Lipska stated four out of the 10 initial medications selected for negotiation are medications for type 2 diabetes, but that did not include semaglutide drugs.

Meat alternatives are hitting a lull

Once touted as a hot new food trend, demand for meat alternatives and cell-cultured products has stalled.

USDA issued its first approvals for cell-cultured production last year, but so far, this fledging industry has failed to take flight, while sales of plant-based meats have been falling.

In September 2023, U.S. retail sales of meat alternatives in conventional multi-outlet grocery channels declined 12.2% year over year to $76.7 million, and volume sales fell 16.5%, according to data from consumer analytics firm Circana. For the first nine months of 2023, total sales of meat alternatives dropped 9.8% to $1.1 billion, and volume plunged 16.5% year over year.

By contrast, sales of total fresh and processed meat were down only 1.4% year over year to $6.5 billion in September 2023, and volume sales were off 1.8%. For the January through September period, dollar sales for fresh and processed meat rose 0.1% while volume sales sank 1.5%.

Market penetration of meat alternatives appears to have peaked for now, according to Joseph Balagtas, interim director of the Center for Food Demand Analysis and Sustainability at Purdue University.

"I think consumers who are most inclined to adopt plant-based meat alternatives have already done so. And the manufacturers of these products are having a slightly tougher time getting the rest of the population to regularly consume plant-based meat. Taste is a big factor, and so is price," Balagtas said.

Beyond Meat, one of the largest players in the U.S. plant-based meat industry, is one company that has run into problems. Its stock peaked in early 2021, and has been trending downward ever since, with shares falling 94% in the last three years.

According to Motley Fool, not only are Beyond Meat sales declining, but the company is also losing money.

"Five years ago, plant-based meat companies were the hot new thing on Wall Street and in venture capital circles. Companies such as Beyond Meat got hundreds of millions in funding to grow their brands with the hope they would disrupt the legacy meat producers. In its first few years as a public company, it looked like Beyond Meat was taking the world by storm, with revenue soaring 600% in just a few years' time," the firm said.

Joseph Balagtas, Purdue University

In the third quarter of last year, though, Beyond Meat's sales declined 8.7% year over year to $75.3 million. Even though revenue is up 415% since Beyond Meat went public, the company is nowhere close to turning a profit, according to the Motley Fool.

"Consumers are speaking with their wallets. You can find products from Beyond Meat and its competitors in virtually every grocery store in the United States. Despite this, Beyond Meat sales in its home market were down 31% last quarter," the Motley Fool noted, adding that it expects the company to run out of cash in a little over a year.

The other big player in the alternative meat space, Impossible Foods, is faring better. Impossible Foods CEO Peter McGuinness said his company is outperforming the category at retail and has been growing its foodservice business. Impossible Foods has been growing market share and has significantly outperformed the category. Its products can be found in more than 45,000 foodservice locations, including Applebee's, IHOP, Ruby Tuesday's and Starbucks.

However, since plant-based meat products are still relatively new and technology for cell-cultured meats is just in its infancy, Balagtas said he wouldn't call the recent trends permanent.

"I suspect we'll continue to see innovation that lowers the consumer prices of these products and tailors them better to consumer tastes, and that could spur more growth," he said.

Even cultivated meat, grown from animal cells rather than produced using plant-based alternatives, is running into issues. USDA approved the production of cultivated chicken by two companies in 2023, but private funding for the sector has been drying up and manufacturers have yet to reach economies of scale, which means products remain too pricey to survive at retail.

Ryan Bethencourt, an early-stage investor in Sustainable Food Ventures, told Ag Funder News that he's not ready to write the industry off, but he expects 70% to 90% of cell-cultured meat companies to fail over the next year.

While some cost efficiencies elude the industry, strides are being made. Companies are finding the biggest savings can be achieved made by replacing high-cost ingredients and reducing the amount of medium used to grow the meat. Some companies are using artificial intelligence to improve the feed conversion rate, which works in tandem with models that allow companies to understand the limiting factors in cell growth, according to Elliot Swartz, principal scientist for cultivated meat at The Good Food Institute.

Swartz says some companies are starting to replace higher-cost ingredients, such as albumin and transferrin, with plant protein isolates and other food grade ingredients as well as manufacturing growth factors in organisms ranging from yeast and bacteria to plants and fruit flies. Other supplements can also be added to reduce costs.

Despite these cost efficiencies, though, some in the industry believe it is not commercially viable or technically feasible to produce 100% cell-cultured meats on a massive scale. However, the economics of a hybrid approach of producing cultivated cells to use as an ingredient – at a rate of between 10% and 30% – in plant-based products to improve flavor, look more favorable.

"Due to the current high cost of production, most cultivated meat products that reach the market over the next few years will be hybrids that use animal cells as ingredients, mixed in varying percentages with other plant ingredients. Cultivated animal cells could improve the taste and organoleptic properties of plant-based products, which can be lacking in current product iterations. For some high-priced products, such as certain kinds of seafood or foie gras, 100% cultivated cells may be used while remaining cost-competitive," GFI's Swartz said.

Despite these and other challenges, the cultivated meat industry has attracted some of the largest players in the meat industry. Last year, a JBS subsidiary broke ground on the largest cultivated facility in the world, located in Spain, and Cargill and Tyson have also shown interest in the industry.

Governments have also started to support cultured meat products, which could help the industry develop. The Netherlands allocated 60 million euros to celluar agriculture, and Germany recently announced 38 million euros for sustainable proteins.

GFI estimates governments invested $635 million in the alternative protein ecosystem in 2022, including approximately $180 million on research and development, $290 million on commercialization, and $165 million on initiatives that mixed elements of both. As a result, all-time public support for the alternative protein ecosystem has likely surpassed $1 billion.

News Briefs:

New report provides answers on ag carbon markets. A new report from American Farmland Trust aims to demystify ag carbon markets and answer the questions many producers have raised about the opportunities. Such markets have been growing in recent years, but there's still a lot of confusion surrounding them. So, AFT decided to clarify what's out there in its latest offering, "Top 10 Things You Wanted to Know About Ag Carbon Markets." Michelle Perez, AFT water Initiative director and co-author of the guidebook, told *Agri-Pulse* some AFT staff have heard from "frustrated farmers who are saying, 'People are calling me nonstop and offering me a new different program, and they can't answer basic questions I have.'" Among the questions asked and answered in the report: "How many ag carbon markets are there, and how do they differ; what the heck is additionality, why is it so important, and how does it affect me; am I eligible to participate, and what are the current ag carbon markets paying for (practices or outcomes)?" Bianca Moebius-Clune, who leads AFT's national climate and soil efforts, said AFT is trying to spur farmers to participate in the markets. "There's so much opportunity out there," she said. The markets are new, adding to the confusion in the marketplace. "The newest generation of ag carbon programs that are getting all the attention has only been around since 2016," with 11 of the 19 programs launched as recently as 2021, the report says. "Some offer offset credits, some offer a variety of inset programs, and others do both." In general, the markets are currently focused on two climate-smart practices — reduced tillage and cover crops — in row crops.

Biofuel groups ask court to rehear RFS refinery exemption case. Growth Energy and the Renewable Fuels Association are asking the 5th U.S. Circuit Court of Appeals to reconsider a November 2023 decision approving six small refinery exemptions from the nation's biofuel mandate. The Renewable Fuel Standard allows small refiners to request exemptions from the program's fuel blending obligations if they can demonstrate that meeting the blending targets set but the EPA would be a "disproportionate economic hardship" on the facilities. In a petition, Growth Energy said in EPA's past denials of SRE requests the agency revealed the refineries "nearly always recoup their RFS compliance costs" and therefore can't prove economic harm in the recent exemptions. In its opinion, the Fifth Circuit "made procedural and substantive errors and failed to consider the record, which demonstrates that EPA's decision to deny the refinery exemptions was correct and well within its authority," Growth Energy CEO Emily Skor said in a statement. Growth Energy and the Renewable Fuels Association each filed separate petitions seeking to have the case reheard in the D.C. Circuit Court of Appeals. RFA's petition says the 5th Circuit's decision to hear the refiners' challenge "departs from the court's precedent and past practices." RFA stated that four other circuit courts transferred similar cases to the D.C. Circuit — or dismissed them altogether. The Trump administration awarded SREs at a historic rate, but according to EPA's SRE dashboard no waivers have been granted for the last six compliance years. Seven exemption petitions are currently pending EPA review.

New research could aid gene editing in wheat. Cibus, a gene editing technology company, says it has completed the first regeneration of wheat from a single cell, offering new possibilities for innovation in the global staple crop. In a release, the company hailed the news as a "major breakthrough for Cibus as well as for the industry." Greg Gocal, executive vice president and chief scientific officer for Cibus, said the development signifies "the opening of a scalable gene editing process in wheat." Noel Sauer, a senior vice president on the Cibus research and development team, said the regeneration "will enable prototyping productivity and quality traits to address this crop's key challenges potentially providing farmers with new tools to manage their farm and improve their profitability." Cibus, which works to develop traits that will be licensed to seed retail partners, said it plans to use the research to "develop a family of traits to address the most significant challenges faced by farmers globally for wheat, focusing initially on disease resistance and nitrogen use efficiency." Breakthroughs on those fronts, the company added, could lower wheat's carbon footprint and improve production. The company says its platform could also enable "the development of improved wheat quality traits, potentially reducing or eliminating allergens such as gluten."

Farm Hands on the Potomac:

Jackie Applegate is retiring from Bayer at the end of March after serving three years as president of North America Crop Science. She will be succeeded by **Brian Naber**, who has over 25 years of experience with the company and currently serves as the APAC crop science regional lead.

Jackie Applegate, Bayer

Rep. **Blaine Luetkemeyer**, R-Mo., is not running for re-election. He has represented the 3rd District of Missouri since 2009, and currently serves on the House Financial Services Committee, where he chairs the Subcommittee on National Security, Illicit Finance, and International Financial Institutions. He is also on the House Select Committee on the Chinese Communist Party and the House Small Business Committee.

The Organic Trade Association has named **Matthew Dillon** as the group's co-CEO. He joins **Tom Chapman**, who has been OTA's CEO since April 2022. Dillon comes to OTA from Abundant Life Seed, where he was the CEO and executive director, and the Organic Seed Alliance, which he founded in 2003. Under the co-CEO arrangement, Dillon will lead public relations, policy, member engagement and fundraising. Chapman will oversee OTA's regulatory and technical efforts, the association's programming and head up operations and financial management.

The National Grocers Association has promoted three to new senior staff roles. **Jonathan Downey** is now the chief operating officer and senior vice president. He previously was senior vice president of membership and industry relations. **Christopher Jones** is now chief government relations officer and counsel. He previously was the senior vice president of government relations and counsel. Lastly, **Laura Strange** has been moved up to chief communications and engagement officer and senior vice president. She previously was senior vice president of communications and external affairs.

Brittany Jablonsky has begun her new role as chief of staff at the National Farmers Union. She spent the last eight years with the Farm Credit Council, most recently as the vice president of public policy and stakeholder relations.

Brittany Jablonsky, NFU

Stephen Sothmann has joined the firm DTB AgriTrade as a new partner. The trade lawyer previously held executive roles with the Meat Import Council of America and the Leather and Hide Council of America. He has also served multiple terms on the Agricultural Trade Advisory Committee.

Viren Shah will become AGCO's new senior vice president and chief digital and information officer effective next Tuesday. Shah comes to AGCO from GE Appliances where he has been the chief digital officer since 2018.

Alberto Musalem has been tapped as the new president and CEO of the Federal Reserve Bank of St. Louis. He replaces **Jim Bullard**, who resigned in July after serving for 15 years. Bullard left to be the dean of the business school at Purdue University. St. Louis Fed First Vice President **Kathy O'Neill** will serve as interim president and CEO until Musalem starts April 2. Musalem most recently was CEO, co-chief investment officer and co-founder of Evince Asset Management.

The Pet Food Institute has promoted **Pat Tovey** to vice president of scientific and regulatory affairs, and **Dana Waters** to manager of international affairs. Tovey has been with PFI for almost 13 years and previously was senior director of food safety and regulatory compliance. Waters has been with PFI for over a year and previously was a policy analyst.

Becca Smith has been elevated to senior director of member and industry relations at the National Council of Farmer Cooperatives. She will also lead the Director Education Advisory Committee at the NCFC annual meeting. She previously was the director of communications and member relations.

Karah Fissel has joined USA Rice as the new director for international trade policy. She most recently worked at USDA in the Foreign Agricultural Service, where she oversaw regional coverage of Central America and then Mexico.

Whitney Forman-Cook now works for The Nature Conservancy as the senior policy adviser for forest and fires. She most recently worked at the Society of American Foresters as its chief operations officer. Her career also includes stops at the National Association of State Foresters, the National Association of Conservation Districts, and *Agri-Pulse*.

The U.S. Grains Council has promoted **Ana Ballesteros**, who most recently served as the marketing director for the Latin America region, to deputy director of Europe and the Middle East. Previously based in Colombia, Ballesteros will now work from the Council's Tunis office. To fill Ballesteros' role in Latin America, the USGC has brought on **Diana Correa** and **Angelica Rios**. Based in Medellín, Colombia, Correa will serve as a marketing specialist for the Council's Latin America regional office. She comes to the Council from Tigo, where she previously served as the manager of the president's office. Rios is based in Bogota, Colombia, and will serve as a marketing specialist for the Council's LTA office. She most recently worked at Cargill where she was a senior merchant.

Sarah Henry has been promoted to district director for Rep. **Tracey Mann**, R-Kan. She previously was the deputy district director and also spent time at the National Corn Growers Association and the office of Rep. Adrian Smith, R-Neb.

Jordan Healey has left the American Farm Bureau Federation, where she was the director of leadership and organizational training. She now works for the Association for Talent Development as a new project manager. Before taking a role with AFBF, Healey worked for the National FFA Organization.

Lawrence Kurzius has been tapped as Elanco's next chairman of the board, succeeding **Dave Hoover**, who was Elanco's first chairman. Hoover will remain on the board as an independent director. Kurzius has been on Elanco's board since 2018. He has served as executive chairman of McCormick & Company since 2017, and before that, was the CEO from 2016 to 2023 and president from 2015 to 2022.

The former President and CEO of Garst Seeds, **Dr. David Witherspoon, Jr.**, died of complications from ALS on December 30, 2023. David graduated with a degree in biology from the Citadel, earned his master's degree in agronomy from Clemson University and earned a PhD in plant breeding and genetics from North Carolina State University. He started a research station for Garst Seed Company and eventually became Director of Marketing before taking the top job at the company. After Syngenta acquired Garst, David worked in various roles for Syngenta ending his career as the Head of Renewable Fuels for North America. When he retired, Syngenta gave him the "Energy Award," for his achievements with the company and the passion he was known to bring to the work. He was 65.

Best Regards,

Sara Wyant
Editor