



United States Department of Agriculture

Office of the Secretary
Washington, D.C. 20250

April 6, 2020

The Honorable Debbie Stabenow
Ranking Member
Committee on Agriculture, Nutrition, and Forestry
United States Senate
328A Russell Senate Office Building
Washington, D.C. 20510

Dear Senator Stabenow:

USDA is working swiftly to evaluate the authorities granted under the CARES Act and design a program to alleviate disruption to American agriculture caused by COVID-19. As with the Market Facilitation Program (MFP), we will again seek to implement a national program in a fair and equitable manner. Given the critique you have leveled over the past few months, and in particular comments you made recently to Politico regarding this program, I am sharing our data regarding the outcomes of MFP.

As I have stated from the outset, this program took a holistic view of commodities directly impacted by the effects of trade retaliation that impacted U.S. producer's export markets, and then sought to provide relief based on the direct impact of that retaliation. We constructed the program under section 5 authorities of the Commodity Credit Corporation. This section authorizes CCC to assist in the disposition of surplus commodities and to increase the domestic consumption of agricultural commodities by expanding or aiding in the expansion of domestic markets or by developing or aiding in the development of new and additional markets, marketing facilities, and uses for such commodities. We developed trade damage estimates in accordance with the standards we must use when reporting payments under our World Trade Organization (WTO) obligations.

The MFP was never intended as a general market or price support program, or to compensate producers for the impacts of imported product on domestic markets. As you know, there are various trade remedy laws that can be used to protect producers from unfair import competition. We acknowledge that 2019 presented producers around the country with a variety of challenges, but this program was never intended to address all downward market pressures a farmer might have been facing.

I have enclosed several maps that demonstrate where export market damages were specifically felt due to trade retaliation taken by foreign countries and the resulting market facilitation payments. I hope these will highlight the facts related to distribution of payments in the program.

In previous statements you have highlighted particular county payment rates and suggested a lack of equity between regions. The county payment rates were driven by the commodity mix that was historically grown in an area and the corresponding export damage calculations (see attached Map 1 and Map 2).

The Honorable Debbie Stabenow
Page 2

Also, I would draw your attention to other more important metrics including how much each county received in total, number of farms receiving payments, and payments by state. You have mentioned regional disparities in some of your comments. These payments have gone to producers across the country, with over two-thirds of the payments going to Midwest farmers. For example, the 5 southern states, combined, that were highlighted in your November 2019 report, actually received less in MFP payments than the state of Illinois alone. Also, a single congressional district in Minnesota received more than any of those 5 southern states received in total (see Map 3).

Every Farm Bill and every farm policy discussion at USDA has to take account of the regional and commodity diversity across the country. We all recognize that whether looking at a Farm Bill or a program like MFP, we try to address issues in a broad and equitable fashion. USDA's principle based objective process and the data do not support a program that favored one region over another. Rather, MFP was implemented to respond as directly and evenly as possible to the export damages faced across the country caused by unfair retaliation by our trading partners.

As USDA works to address losses of ag producers impacted by coronavirus, we will again seek to implement a national program in a fair and equitable manner. I always welcome any specific suggestions you have for improving the programs our farmers across America utilize, particularly in these uncertain times.

In closing, I would be happy to have any further discussion to answer questions you may have.

Sincerely,



Sonny Perdue
Secretary

Enclosures:

- Map 1 --- Baseline map of 2017 major tariff effected export commodities
- Map 2 --- MFP2 payments by state
- Map 3 --- MFP2 payments by Congressional District
- Map 4 --- MFP2 payments by County
- Map 5 --- MFP2 payments by farm

CC:

- Majority Leader Mitch McConnell
- Minority Leader Chuck Schumer
- Chairman Pat Roberts
- Chairman Collin Peterson
- Ranking Member Mike Conaway
- Speaker Nancy Pelosi
- Minority Leader Kevin McCarthy