



Louisiana Commodities and Conservation Newsletter December 2019; Issue-8

Rice crop insurance provisions – irrigation methods allowed

The 2018 Farm Bill requires that Federal Crop Insurance Corporation develop crop insurance products in rice that provide coverage for alternative irrigation methods, mainly, intermittent flooding also referred to as alternate wetting and drying and furrow irrigation. Currently, rice grown only under flooded conditions is eligible for crop insurance. The proposed change opens doors for farmers willing to pursue appropriate irrigation methods for their production enterprise. Comments on this provision are open until January 21, 2020.

Apart from the above, there are other changes proposed, which are open for comment through Jan 13, 2020, in the federal register. Along with the CSP program, NRCS is seeking comment on CRP rule and EQIP rule.

Acres lost to floods and indemnity payments

Louisiana farmers lost about 90,000 acres to floods this year. Several parishes in the northeast part of the state have seen flood-like conditions. The crop insurance payouts amounted to about \$17 million for the affected production enterprises. The USDA designated Avoyelles, Evangeline, Rapides, and St. Landry parishes as disaster areas affected by hurricane Barry. Producers in those parishes are eligible for emergency farm loans. Farmers in twelve (12) neighboring parishes qualify for emergency loans.

INDUSTRY NEWS!!

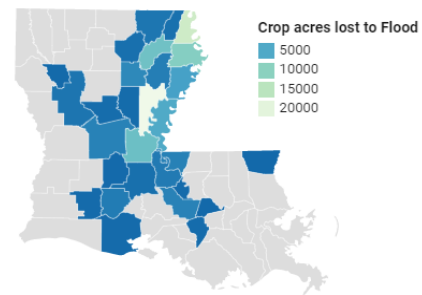
- CRP general signup is open from Dec 9th through Feb 28th, 2020. Additional 5.0 million acres allowed under the 2018 Farm Bill.
- RMA requires that all producers who received a prevented planting “top-up” payment in Fall purchase crop insurance for the next two years.

Proposed changes to Conservation Stewardship Program (CSP)

The 2018 Farm Bill proposed changes to the CSP program. Some of the changes introduced include -

- Removal of \$18 per acre average payment nationally
- Removal of reference to acreage cap
- Supplemental payment through the addition of advanced grazing management plan
- A one-time payment for those willing to develop a comprehensive conservation plan
- Addressing organic and transitioning to organic acres in each state

Acres lost to flood in 2019 and indemnity payments received



Move the cursor on the map to see the indemnity payment by parish
 Source: USDA-RMA - Get the data - Created with Datawrapper

Two new soil resource concerns introduced

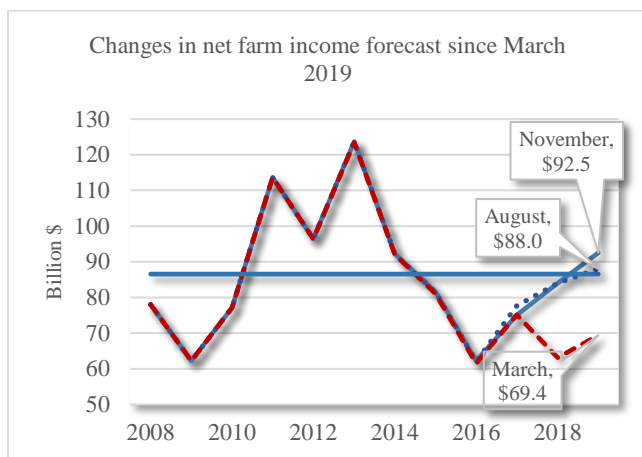
NRCS recently introduced two new resource concerns

- a. Soil organism habitat loss/degradation
- b. Aggregate instability

These resource concerns provide farmers with more options to address soil health in their fields. EQIP practices will be associated with the above resource concerns to provide cost-share assistance.

Net farm incomes

The USDA released its updated forecasts for farm incomes in 2019. Recent projections for farm income are up from 2018 and also higher than the two estimates released in March and August of this year. In March, the forecast for farm incomes was \$69.4 billion; however, in November, it was at \$92.5 billion, translating to a 33% increase in the estimates between March and November. The majority of the increase is due to payments from the market facilitation program (MFP) and prevented planting this year. Despite the current growth, fundamental drivers of the farm economy remain uncertain.



USMCA agreement

United States – Mexico – Canada Agreement (USMCA) continues to move through the ratification process. The agreement replaces the current North American Free Trade Agreement (NAFTA). USMCA focuses primarily on reducing non-tariff trade rules among the three participating countries. Two significant changes that will likely influence Louisiana agriculture include

- An increase in the global tariff rate quota (TRQ) for poultry and eggs originating from the US
- Increased access to refined sugar and sugar-containing products from Canada

WISH YOU A MERRY CHRISTMAS AND A HAPPY NEW YEAR

Questions and comments:

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Coarse grains crop insurance provisions

For the 2020 and succeeding crop years, the Federal Crop Insurance Corporation is allowing separate enterprise and optional units by cropping practices Following Another Crop (FAC) and Not Following Another Crop (NFAC). Both practices carry different risks to the planted crop. Under current policy, gains from one of these practices may offset losses from the other. With the proposed change, such an offset would not exist. However, under the proposed rule, separate enterprise units for FAC and NFAC practices are available for non-irrigated practices only. The FCIC will continue to consider comments on the rule until January 27th, 2020.

Resilient land values

Unlike the farm crisis of the 1980's land values have not experienced a significant decrease, though the pace of the increase has slowed. The pattern in Louisiana is similar to that occurring across the nation; land values in Louisiana in 2019 expected to increase by 2% and net farm income by 10%. The increase shows that the risk of holding land being lower compared to similar assets in the general economy. The strength of land values ameliorates concerns of a downturn in the farm economy.

