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Trade Adjustment Assistance Available for Farmers

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Cornhusker Economics

Cooperative Extension

Institute of Agriculture & Natural Resources
Department of Agricultural Economics
University of Nebraska – Lincoln

Trade Adjustment Assistance Available for Farmers

Market Report	Yr Ago	4 Wks Ago	10/3/03
<u>Livestock and Products,</u>			
<u>Average Prices for Week Ending</u>			
Slaughter Steers, Ch. 204, 1100-1300 lb Omaha, cwt	\$63.77	\$86.51	\$92.71
Feeder Steers, Med. Frame, 600-650 lb Dodge City, KS, cwt	*	105.32	101.87
Feeder Steers, Med. Frame 600-650 lb, Nebraska Auction Wght. Avg	86.21	108.68	109.32
Carcass Price, Ch. 1-3, 550-700 lb Cent. US, Equiv. Index Value, cwt	99.81	138.28	148.06
Hogs, US 1-2, 220-230 lb Sioux Falls, SD, cwt	33.25	39.50	38.00
Feeder Pigs, US 1-2, 40-45 lb Sioux Falls, SD, hd	*	*	*
Vacuum Packed Pork Loins, Wholesale, 13-19 lb, 1/4" Trim, Cent. US, cwt	98.09	99.41	100.68
Slaughter Lambs, Ch. & Pr., 115-125 lb Sioux Falls, SD, cwt	72.75	89.75	90.75
Carcass Lambs, Ch. & Pr., 1-4, 55-65 lb FOB Midwest, cwt	155.54	180.20	180.72
<u>Crops,</u>			
<u>Cash Truck Prices for Date Shown</u>			
Wheat, No. 1, H.W. Omaha, bu	4.89	3.50	3.35
Corn, No. 2, Yellow Omaha, bu	2.45	2.31	2.04
Soybeans, No. 1, Yellow Omaha, bu	5.17	5.80	6.63
Grain Sorghum, No. 2, Yellow Kansas City, cwt	4.80	4.29	4.04
Oats, No. 2, Heavy Minneapolis, MN, bu	2.28	1.60	1.65
<u>Hay,</u>			
<u>First Day of Week Pile Prices</u>			
Alfalfa, Sm. Square, RFV 150 or better Platte Valley, ton	130.00	115.00	130.00
Alfalfa, Lg. Round, Good Northeast Nebraska, ton	82.50	58.75	65.00
Prairie, Sm. Square, Good Northeast Nebraska, ton	115.00	*	*
* No market.			

The Trade Act of 2002 (P. L. 107-210) amended the Trade Act of 1974 (19 U. S. C. 2551, et seq.) to add a new chapter, Chapter 6, which establishes a program of trade adjustment assistance for farmers. The statute authorizes an appropriation of not more than \$90 million for each fiscal year 2003 through 2007 to carry out the program.

The new program provides for both educational assistance as well as cash benefits to eligible producers of raw agricultural commodities. Producers are eligible for benefits when the Administrator of the Foreign Agricultural Service determines that increased imports of foreign agricultural commodities have contributed to a reduction in current specific commodity prices. To be eligible the current marketing year's price must be equal to or less than 80 percent of the average price of the five preceding marketing years.

To obtain program benefits, a group of raw agricultural commodity producers, or their duly authorized representatives, must submit a petition to the Administrator for certification of eligibility. The petition should include: a description of the raw agricultural product; data on specific prices for the most recent marketing year; national average or regional prices for the commodity for the five preceding marketing years; data on increases in imports of a directly competing commodity; and an assessment of the impact of increased imports on domestic prices, including any supporting evidence that imports contributed importantly to a decline in domestic prices. Within ninety days after certification a producer may submit an application for adjustment assistance benefits. The application requires submission of: standard business information; the quantity of production in the year



covered by the certification, accompanied by supporting documentation; data on gross income and net farm income; certification that an applicant has not received other cash benefits; and certification that the applicant has obtained information and technical assistance from the Extension Service to assist the applicant in adjusting to import competition.

Under Trade Adjustment Assistance (TAA) a group of agricultural commodity producers may petition the Administrator of the Foreign Agricultural Service (FAS) for trade adjustment assistance from mid-August through the end of January. FAS will first review the petition for appropriateness, completeness, and timeliness, before publishing a notice in the Federal Register that it has been received. The Economic Research Service (ERS) will then conduct a market study to verify the decline in producer prices, and to assess possible causes, including imports, exports, production, changes in consumer preferences, weather conditions, diseases and other relevant issues. ERS will report its findings to the FAS Administrator, who will then determine whether or not the group is eligible for trade adjustment assistance. If the national average price in the most recent marketing year for the commodity produced by the group is equal to or less than 80 percent of the average of the national average prices in the preceding five marketing years, and if increases in imports of that commodity contributed importantly to the decline in price, the Administrator will certify the group as eligible for trade adjustment assistance.

Once a commodity has been certified eligible, producers have ninety days to contact the Farm Service Agency (FSA) to apply for assistance. As soon as they apply, they are eligible to receive technical assistance education specifically tailored for their needs by the Extension Service. There will be no fee

charged for the technical assistance education. Depending on the commodity and the region, the Extension Service educational package may include technical publications in print or on-line, group seminars and presentations, and one-on-one meetings. Producers who receive the technical assistance and also satisfy personal and farm income limits are eligible for TAA payments. If the funding authorized by Congress is insufficient to pay 100 percent of all TAA claims during the fiscal year, payments will be prorated and issued after June 15, the last possible date for producers to file a TAA application.

What does all this mean for Nebraska producers? It appears that Nebraska's major commodities will have a very difficult time meeting the 80 percent of the previous five year marketing price test. Not to mention proving cause by increased imports. However, there are many specialty commodities that may be declared eligible. At this time, catfish, shrimp, blueberries and Pacific salmon may become eligible. Although most Nebraska producers are not involved with these specialty commodities, there may be some producers that live in Nebraska that can take advantage of the TAA program. All producers should be aware of TAA and the potential future benefit it may provide for their operation.

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