

*Remarks - Secretary Sonny Perdue
AG Outlook Forum – February 22, 2018*

Introduction and Recognition

Thank you, Steve.

Thank you, Rob Johansson, our Chief Economist, and his team for organizing this event.

It is great to see the FFA represented.

This is FFA week.

If you do not know it by now, I am a huge supporter of these young leaders.

I have visited 33 states and everywhere I go, I meet those sharp young leaders in blue jackets.

I also want to give a shout out to the Student Diversity Program Group.

The best of their group is with us today and we had a great visit earlier.

These young leaders from organizations like FFA, 4-H, and the Student Diversity Program are our leaders of the future.

I constantly remind these young leaders, as I remind you today, the future is now.

That is especially true in agriculture.

State of Agriculture

And so let's talk about the here and now.

Let's talk about the state of Agriculture in America – where we are and where we can go.

Since taking this job less than a year ago, I've been all over.

We have had two RV "Back to our Roots" tours that covered almost 2,200 miles in the Midwest and New England.

That's the only way I know to do a good job for America – to get out of the bubble of the beltway.

I need to hear from the heartland of America.

It is in the heartland where the average American works hard, dreams big, and rises to meet the challenges of each day.

The heartland of America is where our farmers and ranchers produce enough to feed America and share with the rest of the world.

And when we talk to farmers, there are three recurring themes I hear – three main areas where they have concerns.

I hear them consistently, no matter what county or state I'm in.

And they are: Regulation, trade, and a reliable, legal workforce.

Regulation

In the matter of regulation, President Trump went on the offensive to exterminate the vermin of burdensome regulations.

He has done more to free us from strangling regulation in his first year than most Presidents do in a full term in office.

A big one was when he went after the Waters of the U.S.

Rule, or WOTUS.

You and I both know that sometimes a mud puddle is just that – a mud puddle.

He issued an order that for every regulatory action, we must remove two existing regulations.

The latest report I saw was that government-wide, the ratio is not two to one, but 22 to one.

That is a radical new paradigm for the federal government.

At USDA, in the coming year we will push for 28 final deregulatory actions, which alone will generate \$56.15 million in annualized savings.

And there's more.

There's one agency in our government that we do not often think about as a regulatory agency.

The truth is that it affects more Americans than all the others.

That agency is the IRS.

President Trump led the way for massive tax reform.

Those tax savings are showing up in paychecks in the heartland of America.

Trade

Agricultural producers are also concerned about trade ... with good reason.

I know there is anxiety about NAFTA and other situations involving trade.

But I also know that President Trump is a shrewd negotiator, and I have confidence that he will strike the best deal possible for all Americans, and that includes agriculture.

Because you and I know that trade connects rural America to the global economy.

Even in the face of their challenges, American farmers and ranchers produce a bounty that meets our needs with enough left over to share with the world.

Trade is critical for U.S.

agriculture.

It feeds prosperity in rural America.

There are some staggering figures involved here.

The number of middle-class households in China will almost double to 370 million in next 10 years.

The number of middle class households in India is expected to nearly triple.

As the economy in foreign nations grows it increases the demand for high quality, nutritious food and fiber.

That global demand means increasing opportunity for American farmers and ranchers.

The fast-growing economies in Asia need U.S.

grains, livestock, and fruit.

The United Kingdom will be separating from the EU and looking for trading partners.

We hope to make deals to export to India and the European Union **free from restrictions**.

The 2014 Farm Bill called for USDA to have an Undersecretary for Trade and Foreign Agricultural Affairs.

I created that position.

President Trump nominated Ted McKinney to fill it and Ted is doing an outstanding job.

I tell American farmers, "You grow it and we'll help you sell it." Here are just a few of our recent successes in trade:

- After 13 years, American beef is back in China.
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- American rice has access to China for the first time ever.
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- The European Union eased regulations on Citrus exports.
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- Vietnam resumed imports of American distillers dried grain.
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- American chipping potatoes are back in Japan
- And South Korea lifted its ban on imports of US poultry.
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In December our Economic Research Service projected 2018 agricultural exports of \$140 billion.

That's almost as much as the year before and would be the 4th-best year on record.

The US has a trade surplus in agriculture that has grown from \$16.6 billion in 2016 to \$21.3 billion in 2017.

Workforce

That's a lot of production.

So who will work on the farms that produce such bountiful harvests?

That's the other issue that comes up at every stop – whether across the deep South, the Northeast, Midwest, or Northwest – is a legal, reliable workforce.

It's no secret that agriculture is caught in the crossfire of some of the immigration debate.

There are enough people who want to come work in agriculture that we could have a separate category for agriculture immigration.

The current H2-A visa program is cumbersome, and convoluted.

I know that we could have an easier and more effective system.

It could be specifically designed to meet the needs of agriculture employers and employees. It would be faster to process and issue an agriculture work visa and easier for everyone involved.

It would reduce illegal immigration.

It would reduce the enforcement burden on ICE.

Agriculture is really a unique area within immigration.

The people who come to America to work on farms and ranches are not taking jobs from Americans.

They are not the people who are committing crimes.

They are not the ones putting a burden on our criminal justice and welfare system.

They just want to do a good job and provide for their families.

They are important to agriculture and our economy.

As this debate continues, I want to make sure that agriculture is supplied with a legal workforce.

At USDA, we have a young lawyer from Nebraska who works on this issue full time – some of you may know Kristi Boswell. She's on our team and we are working closely with all agencies involved.

Those are the primary concerns we heard about when we talked with folks across the country in the last nine months.

Regulation, trade, and a legal, reliable workforce.

I think we're moving in the right direction on those fronts, but there are some struggles we will face.

But the people I met on the road – and you – know that I like to shoot straight.

So here are some unvarnished thoughts.

Farm Bill

A lot of folks are understandably paying attention to Washington these days as Congress was busy with budget matters.

They're also watching as Congress gets set to write the 2018 Farm Bill.

These are some thoughts that intersect with what Congress has done already, and what they could do with the Farm Bill.

As I said, in my travels across America, I heard from farmers and ranchers and got their thoughts.

Our USDA team took what we heard and developed a set of Farm Bill and legislative principles to share with Congress.

So, one of our principles is that the farm bill must help manage risk.

In line with that, the February 9 budget bill addressed some critical concerns that were not in the 2014 Farm Bill.

Cotton was left out of 2014 Farm bill.

That needed to be corrected and Congress moved forward with that correction to put seed cotton back in the ARC/PLC program.

The safety net for dairy farmers had a few gaping holes.

The February 9 bill improved the Dairy MPP program.

Cattle and dairy farmers in some parts of the country were hit hard with hurricanes, floods, tornadoes, and fires.

These multiple devastating disasters overwhelmed our risk management system.

Congressional disaster relief was in response to a unique series of disasters on top of one another.

Congressional disaster relief is for extreme disasters such as the ones we faced in 2017.

But it cannot be the sole risk management strategy.

A guiding principle of the Farm Bill is to provide a farm safety net.

It must help American farmers weather times of economic stress without distorting markets or increasing shallow loss payments.

Farmers and ranchers want to prosper by having an accessible marketplace.

They want to be able to produce food and fiber to sell in the marketplace at a profit.

They want to be able to reinvest in their farms and equipment to future years. Most of all, farmers want to pass their legacy on to future generations.

It's ultimately up to Congress to decide what they want us to implement in the next Farm Bill.

But USDA stands ready to provide whatever counsel Congress may require.

Agriculture Economy - Rural Prosperity

It's just a fact that all this legislating in Congress is a big deal because of the direct impact it can have on the agriculture economy.

After I'm done here this morning, our Chief Economist Rob Johansson will give a thorough and detailed presentation on the Agricultural outlook.

But here's the bottom line: Farmers and Ranchers are facing serious challenges.

You have been hit with droughts, wildfires, and hurricanes. Commodity prices have fallen while the cost of operations have increased.

The February 2018 Farm Income Forecast reports that Farm Income is projected down 6.7% from 2017.

Cash Receipts for all commodities are forecast to fall one half of a percent while production expenses increase by a full percentage point.

The forecast net cash farm income has fallen since 2014. The forecast for 2018 is the lowest since 2009.

Once again, conditions are testing the resilience of the American farmer.

Recognizing this, on my first day in office, President Trump appointed a Task Force on Agriculture and Rural Prosperity.

We completed our report and made the formal presentation last month at the National Farm Bureau Federation Convention in Nashville.

We envision a rural America with world-class resources, tools, and support to build robust, sustainable communities for generations to come.

We identified 100 specific actions the federal government can take to achieve that vision.

And one of the key areas that we found needed addressing was infrastructure.

Yes, that means roads and bridges, and locks and dams ... but it also means broadband.

So that farms and rural communities have access to high-speed Internet.

Infrastructure

And it so happens that President Trump has presented a bold, visionary plan to rebuild America's crumbling infrastructure.

His plan will invest \$200 billion in new federal funds.

And 50 billion of that will go to rural parts of America, where states will set the priorities for what projects they think are important.

We will partner with state, tribal, local, and private entities.

This is an unprecedented commitment to improving infrastructure in rural America.

With increased broadband access, E-Connectivity will do for rural America what the REA did for putting electricity in homes and Interstate Highway System did for transportation.

E-Connectivity is not a luxury, it is a necessity.

The sum total of all this is that conditions are tough right now, but farmers are tougher.

Even in tough budgetary times, farmers will continue to do what they've always done: innovate, create, and manage their resources.

There are good reasons to be optimistic.

There is good work being done with regulatory reform, the advancement of international trade, and building access to a dependable workforce.

And the president has proposed a strong new infrastructure plan.

And if you look at the calendar, winter is almost over.

Conclusion

In a few weeks, farmers across America will begin their annual work of preparing for Spring.

I can close my eyes and see in my mind the red haze of the broken Georgia clay.

I can smell the aroma of the fresh broken ground.

Anyone from a farming community will recognize that haze and that aroma.

They represent an abounding optimism and faith.

They represent trust in God to provide growth that they can harvest.

Despite the challenges and the odds, American farmers and ranchers will, once again, roll up their sleeves and boldly plant for the future.

Once again, American farmers and ranchers will be steadfast, courageous, innovative, and always abounding.

We know that there are serious challenges ahead for American agriculture.

But our people are resilient and strong.

They are optimistic in the face of pessimism.

American farmers and ranchers will put on open display to the world the simple and powerful new motto of USDA: "Do right and feed everyone."

Thank you for coming to our Ag Outlook Forum, and thank you for what you do every day.

May God bless you.

May God bless your families.

May God bless the United States of America.