



May 7, 2020

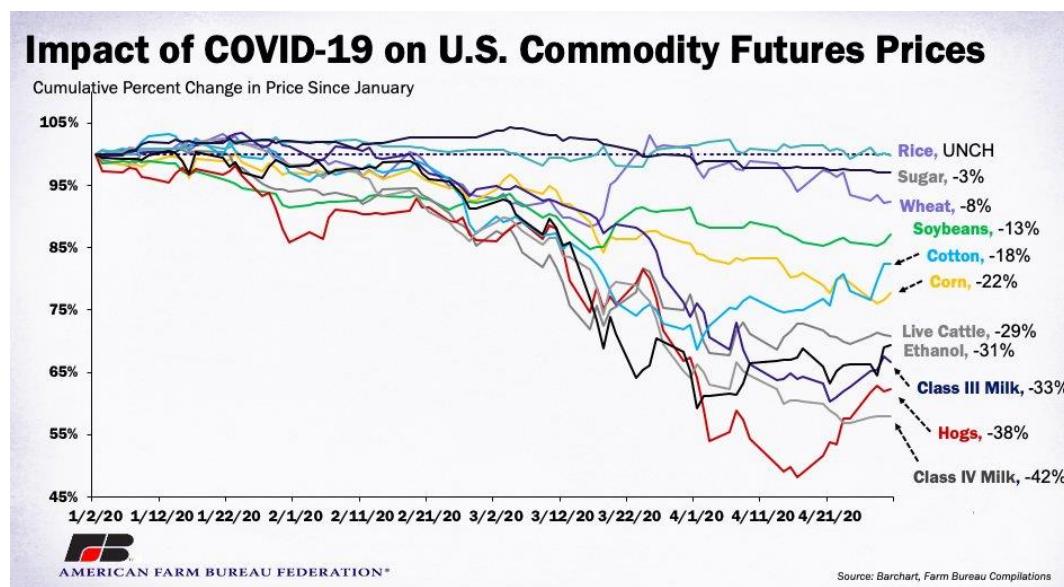
Missouri CARES Act Funding Working Group
P.O. Box 210
Jefferson City, MO 65102

Dear members of the working group:

Thank you for your dedication to Missouri citizens. By serving on this working group, you are adding a level of accountability and trust to the process of distributing relief funds to the state. Today, we are reaching out to provide information and to request assistance for Missouri's number one industry. Agriculture was in a precarious state prior to the COVID-19 pandemic. Now, farm families and industry partners are facing unprecedented challenges as they work to provide food, feed, and fuel to citizens. This is an issue of utmost importance for the economic wellbeing of our state.

Make no mistake; our food industry is in turmoil. Shuttered meatpacking plants create a devastating ripple in the supply chain. The bottlenecks at these plants launched a backlog in the livestock and poultry industries, leaving some farmers with no market for their animals. In some cases, companies are canceling production contracts. Sadly, facing no other option, farmers in some states have had to euthanize their livestock and poultry. Farmers and ranchers raising pigs, poultry, and cattle have invested a tremendous amount of time caring for their livestock. Now they are faced with a fractured market and lost revenue while feed and other animal care costs continue to accumulate.

When one segment of agriculture hurts, it filters to all sectors of the industry. When livestock and poultry farmers are forced to reduce the number of animals they raise, corn and soybean farmers experience a decrease in demand, which is followed by prices declining even further. Missouri corn farmers are diligently working to plant an estimated 3.6 million acres this spring. In January 2020, a bushel of corn was over \$3.90 on the Chicago Board of Trade; however, on April 28 corn was trading at \$3.03 per bushel—a 22 percent decrease in less than 4 months. Soybean farmers have been damaged by China's retaliatory actions for nearly two years now. After the implementation of tariffs, soybean prices plunged by 20-25 percent. This is following prices that were trending downward for over four years. National organizations like the American Farm Bureau Federation have invested many hours and resources to keep the chart below updated. The visual impact is undeniable and painful.



These challenges do not account for the devastating impacts on the ethanol industry across the country. Faced with the crippling combination of an oil war between Saudi Arabia and Russia, and plummeting gasoline demand due to COVID-19, the Renewable Fuels Association estimates ethanol production across the U.S. has decreased by 52 percent. Ethanol plants were left out in the cold on USDA funding allocated in the CARES Act for COVID-19 losses, with no options outside of the Small Business Administration.

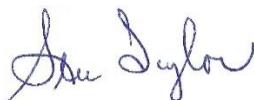
Missouri is home to six ethanol plants, providing valuable, high-quality jobs in rural communities. All six ethanol plants in the state have drastically decreased production. They are hemorrhaging funds and on the brink of closing. The result would be devastating for Missouri. In some cases, these plants are the primary employer of quality jobs in their local area. The employment impact increases exponentially when factoring in the farmers selling to the plant, the truckers moving grain, the livestock and poultry farmers utilizing the distillers grains (an ethanol coproduct), the biodiesel plants who use the corn oil and other industries who depend on the carbon dioxide generated in the ethanol process including meat processing plants and the beverage industry.

Any breakdown in one agriculture sector ripples through the industry, and ultimately, the food chain. Our organizations request this working group consider directing funds to agricultural entities to:

- 1) Assist ethanol plants in surviving this turmoil with payments based on feedstock purchases from the first quarter of 2020; and
- 2) Assist livestock producers by ensuring access to state funds for the purpose of meeting the 25% matching requirement for FEMA funds to deal with the unfortunate, but necessary euthanasia of livestock; and
- 3) As put forth in House Bill 2006, ensure efficient and expeditious use of \$20 million to ensure small and medium meat processors have access to the PPE necessary for their employees and for workforce development so bottlenecks will be less likely in this area going forward.

The University of Missouri Food and Agriculture Policy Research Institute released a study estimating U.S. net farm income will decline by \$20 billion in 2020 from COVID-19 impacts alone. Maintaining and supporting this state's agriculture sector, and the farmers struggling to survive, must be a top priority in the actions taken by this working group. We appreciate your leadership and stand ready to assist your efforts in any way possible.

Sincerely,



Steve Taylor
Executive Director
Missouri Agribusiness Assn.



Marvin Dieckman
President
Missouri Cattlemen's Assoc.



Mike Moreland
President
Missouri Corn Growers Assoc.



Blake Hurst
President
Missouri Farm Bureau



Don Nikodim
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Missouri Pork Assoc.



Ronnie Russell
President
Missouri Soybean Assoc.

CC: Gov. Mike Parson, State of Missouri
Dir. Chris Chinn, Missouri Department of Agriculture
Missouri House Budget Committee
Missouri House Subcommittee on Appropriations - Agriculture, Conservation, Natural
Resources, and Economic Development
Missouri Senate Appropriations Committee