



Impact of Tariffs and Trade Retaliation

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FARMER-OWNED
COOPERATIVE



POWERFUL,
RESPECTED
BRANDS



UNIQUE
FARM-TO-FORK
VIEW



INDUSTRY-
LEADING
OPERATIONS

1,851

DAIRY
PRODUCERS

Herds range from
50 to 10,000+



749

AG PRODUCERS



1,116

RETAIL OWNERS

Serving a producer network
of 300,000+



12.5 billion
pounds of milk

A low-angle photograph of a cornfield with green leaves reaching towards a blue sky with white clouds. Two large, semi-transparent circles are overlaid on the image: a teal one in the top left and an orange one in the center. The orange circle contains the text '1/2 the harvested acres in the United States'.

1/2

the harvested
acres in the
United States

**Trade disputes are
making a downturn in
the agricultural economy
even tougher.**

Difficulty and disruption in 2019

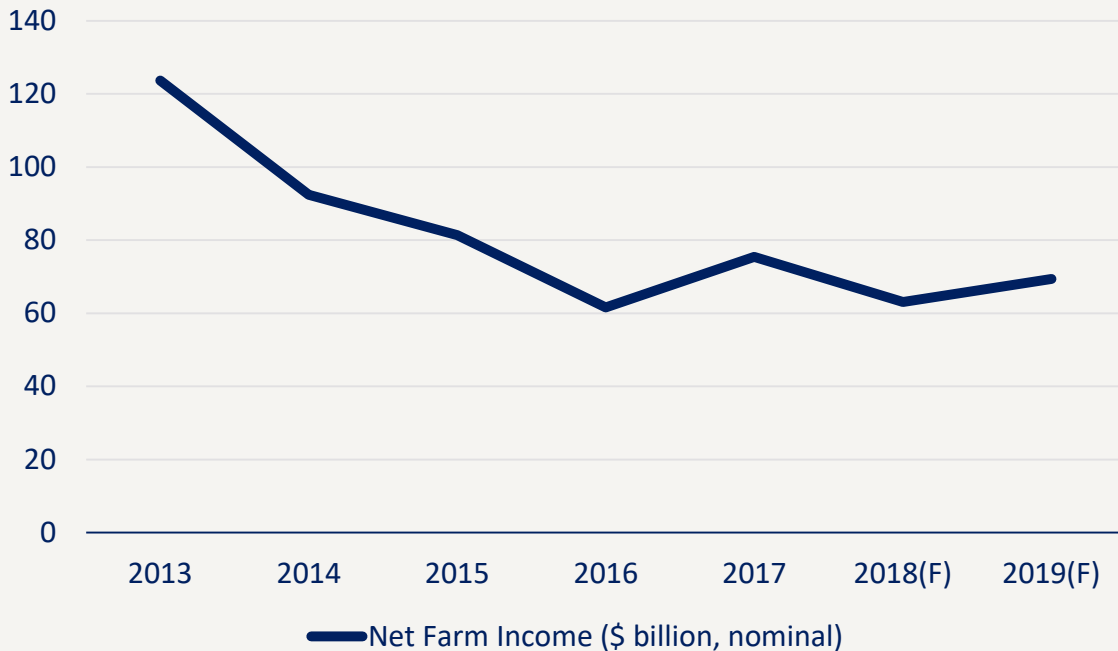
Strong industry headwinds are posing substantial challenges for agriculture:

**RECORD LOW FARM
INCOME PRESSURING
GROWERS AND RURAL
BUSINESSES**

CONSOLIDATION

**MARKET AND POLICY
UNCERTAINTY**

Net Farm Income (\$ billion, nominal)



Uncertainty on trade adds to economic stress

As trade war wears on, U.S. soybean farmers start to worry that China's demand won't return

World's largest soybean market has turned to other countries.

By Adam Belz Star Tribune | MARCH 2, 2019 — 8:00AM



Retaliatory tariffs cost Nebraska agriculture \$1 billion, report finds

DON WALTON Lincoln Journal Star Dec 3, 2018

POLITICS

Outlook remains dim for farmers as trade war and weaker growth raise risks, new report says

PUBLISHED TUE, APR 2 2019 • 11:39 AM EDT | UPDATED TUE, APR 2 2019 • 1:42 PM EDT



Iowa farming's \$2.2 billion trade loss could ripple through state's economy

Donnelle Eller, Des Moines Register Published 1:39 p.m. CT Sept. 21, 2018 | Updated 12:53 p.m. CT Sept. 25, 2018

Dairy exports have seen a clear year-over-year decline as a result of tariffs



Crop farmers are also under pressure from tariffs, with diminished access to critical markets

- ✓ Soybean exports to China **down 86%** year-over-year
- ✓ U.S. soybean exports overall **down 36%** year-over-year
- ✓ Near-record soybean planting in 2018, with many elevators carrying over last year's crop

When ag producers are hit with additional uncertainty, rural businesses, ag retailers and rural co-ops are also affected.



**Trade is a top issue for
Land O'Lakes and our
members in 2019.**



USMCA Approval

- Maintains core NAFTA framework
- Ends Canada's Class 7 milk pricing system
- Maintains dairy access into Mexico





USMCA Approval

- A unified regulatory approval process for new biotech traits, benefiting farmers and businesses
- Minimizes unnecessary barriers to trade
- Provides certainty!

Congressional approval of USMCA in 2019 is critical.





Steps to Ease Retaliatory Tariffs

Section 232 and 301 tariffs have led to retaliation from key partners.

Retaliation has played a big role in creating uncertainty in the marketplace for agriculture – including our Land O'Lakes members.

Elimination of Section 232 and 301 tariffs would benefit American agriculture.



Promoting additional trade opportunities

- **Japan** – *Promising new developments this spring with a critical market*
- Agriculture should be included in any agreement with Japan
- Land O'Lakes joined recent industry letter to USTR on this issue



Bottom line:
Exports are critical
across the scope of
American agriculture.

Thank You!

To learn more, please visit
landolakesinc.com

