

Farmland

IN PERSPECTIVE

Spring 2017

Volume 38, No. 1

www.bigfarms.com

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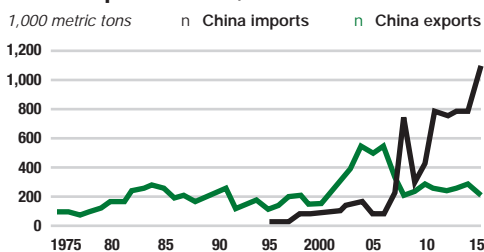
Even as the leading producer, China still leads among global pork importers

China produces roughly half of the world's pork, but it has nevertheless become a leading importer of the meat, according to the Economic Research Service of the U.S. Department of Agriculture. China first emerged as a significant importer of pork during 2007-08, when a swine disease epidemic reduced its domestic supply.

Imports declined during 2009-10, when China banned pork from the United States – the main supplier at the time – over an alleged disease concern, but imports rebounded after the ban was lifted. From 2011 to 2015, China consistently imported large volumes of pork each year. Imports soared during 2016, as shrinking Chinese pork supplies helped push the country's pork prices to record levels.

China and Hong Kong together now constitute the world's largest import market for pork. The United States was the leading supplier of China-Hong Kong pork imports during 2007-12 and the second-leading supplier behind Germany during 2013-15.

China pork trade, 1975–2015



What the Trump administration may mean for absentee owners of farmland

by Dr. Bob Young
American Farm Bureau Federation Chief Economist, Public Policy

In his inaugural speech on Jan. 20, 2017, Donald Trump promised to shake up the political establishment in Washington and to transfer power back to the people. The first few weeks of his term could be called tumultuous at least. It is way too early to talk about the effects of the new administration on agriculture overall or more specifically what the effects might be on absentee landowners, but a guess or two together with a little speculation might provide a couple clues of what is to come.

First, let's set the stage in agriculture on which the new administration will play. As anyone even remotely observing the sector knows, commodity prices and farm income are down. A lot. In 2012 the United States Department of Agriculture pegged net farm income at \$127 billion. Their November 2016 projection for 2016 net farm income was down to \$67 billion. With corn prices down hard, wheat prices off substantially and cattle prices headed south, farmland tenants are just not going to be able to pay the same kinds of rents they did three or four years ago.

With that as background, let's turn to the political and policy setting.

Taxes

Probably the biggest issue to affect landowners will be changes in tax policy. Adjustments here will be much more associated with Congressional action than by anything put forward by President Trump. The big difference will be that we will have a Republican congress that is able to work with a Republican president, so once legislation is passed, it should hopefully be signed and turned into law.

In general the notion will be toward lowering tax rates, but, in order to provide revenue offsets, there has been interest expressed in a Border Adjustment Tax (BAT). While some conversation tagged this as a tax on Mexican imports, as a way to pay for the border wall, the concept was actually put forward last fall by the House Ways and Means Committee as a revenue generator that would be used to offset adjustments to the corporate tax code. The concept is to lower the corporate rate from 35% to 20%.

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