COVID-19 Update

May 22, 2020

CORONAVIRUS FOOD ASSISTANCE PROGRAM DETAILS ANNOUNCED

As you have likely heard by now, details for the Coronavirus Food Assistance Program, or CFAP, were announced earlier this week. The Farm Service Agency (FSA) will begin accepting applications for CFAP on Tuesday, May 26 and continuing through August 28, 2020. CFAP is available to an individual or legal entity who shares in the risk of producing a crop or livestock and who is either entitled to a share in the crop or livestock available for marketing, or would have shared had the crop or livestock been marketed.

Eligible applicants will be able to download the application tool and forms at farmers.gov/CFAP. To complete the CFAP application, producers will need sales, inventory and other records. However, since CFAP is a self-certification program, this documentation will not need to be submitted with the application. However, applicants are subject to spot checks and may be required to provide documentation, so producers should retain whatever documentation is used to complete the application.

CFAP payments for cattle producers will be made on the sum total of two different calculations. Using the $9.5 billion provided in the CARES Act, part one of the payment will be made on actual losses incurred between January 15 and April 15, 2020. This calculation is determined by multiplying one of various payment rates by the volume of sales on a per head basis occurring between January 15 and April 15, 2020. This payment will only be received by those that marketed any of five different classes of cattle during that time period.

Part two of cattle producer CFAP payments will be funded through the Commodity Credit Corporation, or CCC. The CCC payment is a single rate of $33 per-head for all beef inventory and is based on projected costs that are likely to be incurred by cattle producers for marketing their 2020 inventory due to unexpected surplus and disrupted markets. This payment is calculated by multiplying the $33 payment rate per head by the highest inventory number, including newborn calves, between April 16 and May 14, 2020.

The total CFAP payment that an individual may receive directly or through attribution of payments is $250,000. Payments made to a joint venture or a general partnership are limited to the aggregated amount of payments that individual or legal entity members of the joint venture or general partnership may otherwise receive. The total amount of CFAP payments made to a corporation, limited liability corporation, or a limited partnership is $250,000 unless, such entity had 2 or 3 individual owners who each provided at least 400 hours of active personal labor or active personal management or combination thereof with respect to the production of 2019 commodities. In such cases, the entity payment limit will be $500,000 for two owners or $750,000 for 3 owners.

To ensure the availability of funding throughout the application period, producers will receive 80 percent of their maximum total payment upon approval of the application. The remaining portion of the payment, not to exceed the payment limit, will be paid at a later time as funds remain available.

In total, CFAP will provide $16 billion in direct support for agricultural producers where prices and market supply chains have been impacted and will assist producers with additional adjustment and marketing costs resulting from lost demand and short-term disruptions for the 2020 marketing year caused by COVID-19.

- For more information, commodity specific rates and a payment calculator please visit www.farmers.gov/cfap.
- USDA video providing information on applications
- NCBA's complete FAQ document

Beef Import/Export Q&A

Question: Why do we import beef?
Answer: 72 percent of imported beef is lean beef trimmings used to make ground beef. Without lean beef imports, we would be unable to mix our fattier beef trimmings to meet ground beef demand.

Question: Is the United States flooded with beef imports?
Answer: No. Less than 11 percent of beef consumed by Americans is imported.

- Total 2020 Estimated Domestic Consumption = 12,389,000 Metric Tons
- Total 2020 Estimated Domestic Production = 12,515,000 Metric Tons
- Total 2020 Estimated Beef Imports = 1,334,000 Metric Tons
- Total 2020 Estimated Beef Exports = 1,433,000 Metric Tons

Question: What do we import?
Answer: We import calves from Mexico, fed cattle from Canada, lean beef trimmings from Australia, New Zealand, Canada, and Mexico. The small remainder (17 percent) of imports come from 14 countries and consist of lean beef trimmings, not muscle cuts, used to make ground beef.

Question: Is the United States flooded with cattle imports?
Answer: No. The total U.S. cattle herd is 94 million head. In 2019 we imported 2 million head of cattle.

Question: Why do we import cattle?
Answer: Live cattle imports during certain times of the year allow feedyards and packing facilities to minimize disruptions in supply due to the seasonality of cattle production in the United States.

Question: Do we run a trade deficit in beef and cattle trade?
Answer: No, the United States is a net exporter of beef and cattle combined.

Question: Why are we importing beef from 20 different countries, we produce all we need right here in the United States?
Answer: While it's true that we currently import beef from 18 countries, the vast majority (83%) comes from just four - Canada, Mexico, Australia, and New Zealand. The vast majority of that is lean trimmings used to make ground beef. We need those trimmings because of the more heavily marbled cattle that we produce here in the United States.

What is SDCA's Policy on COOL?

SDCA functions as a true grassroots organization, relying on member-set policy to establish our support or opposition to proposed regulatory and legislative measures. SDCA's policy regarding

Country of Origin Labeling (COOL) was most recently renewed at the 2017 SDCA convention and reads:

> ***INT-2017-00 - Country of Origin Labeling (COOL)***
> *Resolved, SDCA supports voluntary COOL.*

Why do we support voluntary, rather than mandatory, COOL? Here are at least a few reasons:

- When mandatory COOL was in place in the US from 2008-2015, it cost the US beef industry an estimated $8.07 billion over 10 years, without returning benefit to beef producers.
  Source – USDA report to Congress
- Studies show consumers do not factor country of origin into their meat purchasing decisions. Most consumers who preferred COOL interpreted the program to provide them with additional food safety assurances and enough traceability information to allow a meat product to be completely traced back to the farm of origin. In fact, mandatory COOL in no more than a marketing label and no evidence of a change in beef or pork demand was found during the time COOL was in place. In fact, most consumers were not even aware the label existed. COOL is a marketing program and has nothing to do with food safety.
  Source – Mandatory Country of Origin Labeling, Consumer Demand Impact
- This is a private industry issue. There are process-verification programs already in place through USDA that allow voluntary country of origin labeling for beef producers and/or businesses who wish to provide that information to their customers.