

Iowa's Agricultural Situation

Chad Hart

chart@card.iastate.edu

515-294-9911

As we enter summer, attention has turned to two important topics for Iowa agriculture: current crop conditions and the future farm bill. The latest crop progress reports show that although wetter than normal conditions have held throughout most of the planting season, crop progress has not been severely hampered. Recent legislation before the U.S. Congress provided \$79 billion in additional funds for agriculture over the next decade; \$5.5 billion of this has been designated for emergency relief for the current crop year.

WET WEATHER DELAYS

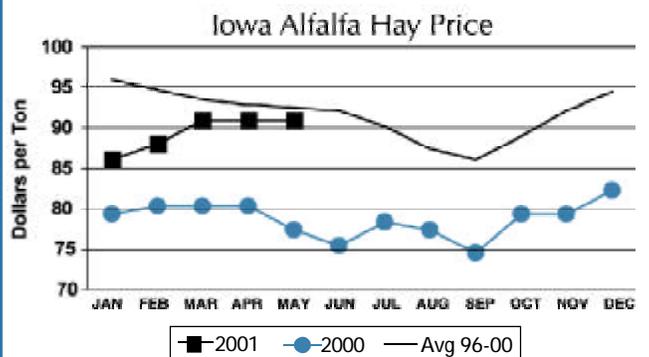
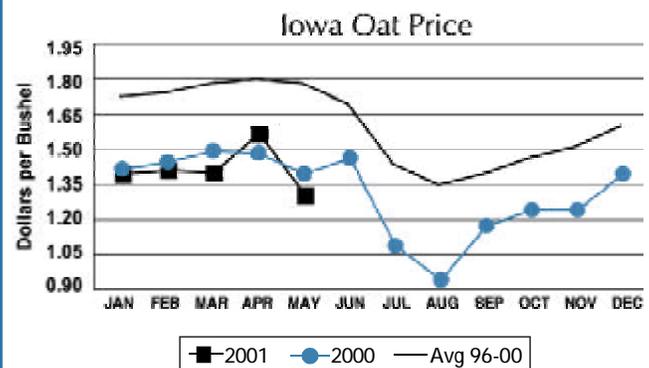
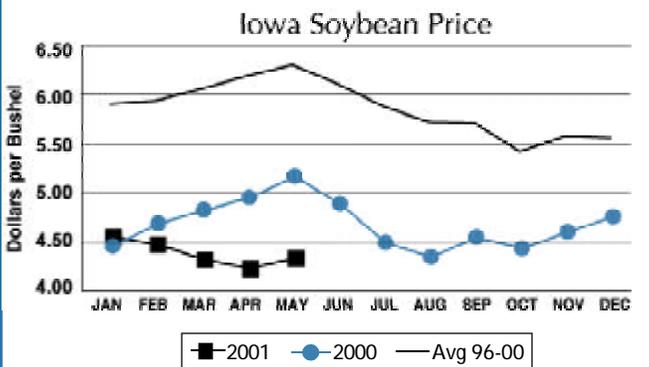
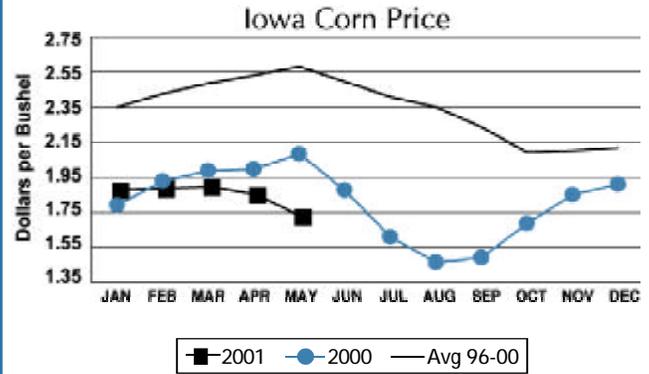
At the end of June, 99 percent of Iowa corn had emerged. Cultivation is behind schedule, as 31 percent of the corn had been cultivated for the first time. This compares to 69 percent at this time last year, and 51 percent on average. A majority of the corn is in good to excellent condition, while only 11 percent is rated poor to very poor.

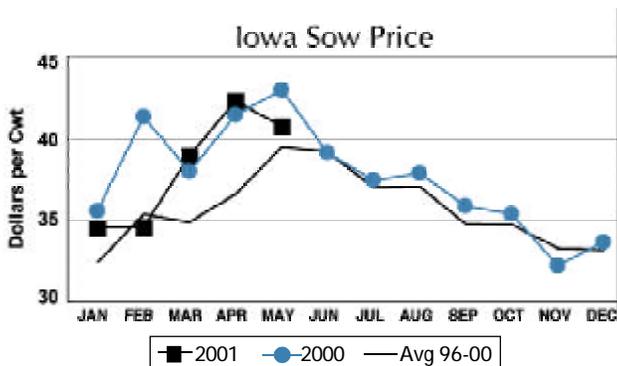
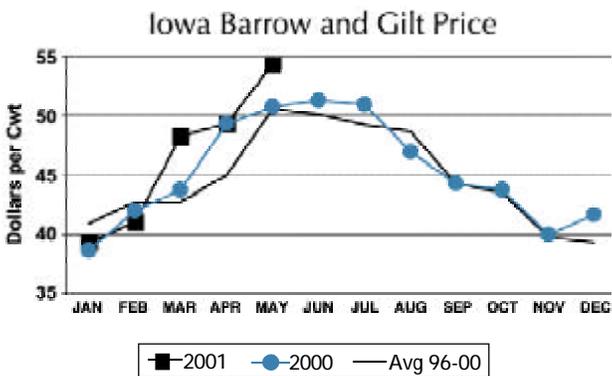
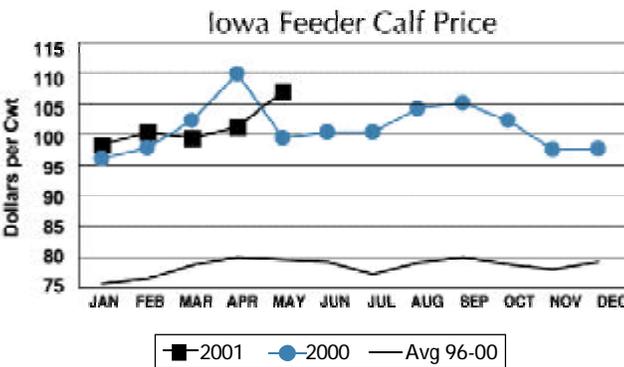
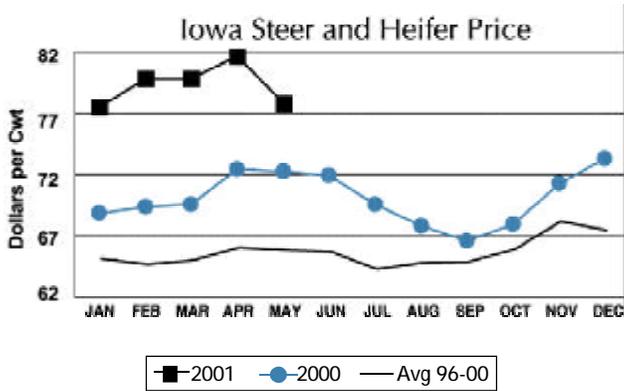
For soybeans, 95 percent of intended acreage had been planted. Wet conditions in the south central and southeastern sections of the state have delayed fieldwork. Only 82 percent of intended soybean acres in south central Iowa and 76 percent of intended acres in southeastern Iowa had been planted as of the end of June. Most of the soybean crop is rated good to excellent, but 13 percent of the soybeans are in the poor and very poor categories.

For the past two years, low soil moisture levels have been a major concern; now high soil moisture levels are plaguing some producers. The latest figures on statewide topsoil moisture show that 3 percent of the state's topsoil is short on moisture, 65 percent has adequate moisture, and 32 percent has a surplus. Most of the surplus is in the north central and southern sections of the state. In the south central and southeastern sections, over 50 percent of the topsoil has surplus moisture. Subsoil moisture levels are very similar. In comparison, last year, 37 percent of the topsoil and 62 percent of the subsoil were short to very short on moisture.

The U.S. Department of Agriculture (USDA) also updated its planted acreage estimates for the current crop year. Both national corn and soybean planted acreage fell from March intentions. The corn estimate was reduced by 600,000 acres. Most of the reduction was due to wet conditions in the western Corn Belt and Texas. Rains in

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Iowa Cash Receipts Jan. - March

	2001	2000	1999
(Million Dollars)			
Crops	1,482	1,474	1,409
Livestock	1,323	1,581	1,213
Total	2,805	3,055	2,622

World Stocks-to-Use Ratios

	Crop Year		
	2001/02 (June Projection)	2000/01 (Estimate)	1999/00 (Actual)
(Percent)			
Corn	23.33	26.28	28.79
Soybeans	17.15	16.92	16.67
Wheat	22.28	26.58	28.17

Average Farm Prices Received by Iowa Farmers

	May* 2001	April 2001	May 2000
(\$/Bushel)			
Corn	1.70	1.83	2.07
Soybeans	4.30	4.19	5.17
Oats	1.30	1.57	1.40
(\$/Ton)			
Alfalfa	91.00	91.00	77.00
All Hay	91.00	90.00	76.00
(\$/Cwt.)			
Steers & Heifers	77.70	81.70	72.30
Feeder Calves	108.00	102.00	100.00
Cows	44.50	43.10	41.60
Barrows & Gilts	54.30	49.30	50.70
Sows	40.90	42.50	43.20
Sheep†		32.50	29.80
Lambs†		83.10	91.80
(\$/Dozen)			
Eggs	0.28	0.39	0.20
(\$/Cwt.)			
All Milk	14.90	13.90	11.50

*Mid-month

†Estimate

the upper Midwest and the switching of acreage from soybeans to cotton along the Mississippi were the main reasons given for the 1.3 million acre reduction in estimated soybean planted acres.

FARM BILL WISH LISTS

The farm bill debate has definitely picked up pace as the temperatures have risen. Most of the major commodity and farm interest groups have presented their wish lists for the future farm bill to the U.S. House of Representatives. There are several components that are common across many of the lists: the continuation of Agricultural Market Transition Assistance (AMTA) payments, the addition of oilseeds to the AMTA payment list, the continuation of the marketing loan program (with some adjustments to crop loan rates), and the addition of a countercyclical program to the mix of farm programs. At least two of the proposals include higher acreage limits for the Conservation Reserve Program.

Significant differences also exist among the proposals. The National Farmers Union is proposing an elimination of AMTA payments; the rees-

tablishment of the Farmer-Owned Reserve, set-asides, and other commodity reserves; and the adoption of a "flex-fallow" type program where producers agree to increase set-asides in exchange for higher marketing loan rates. The National Corn Growers Association is suggesting that the marketing loan program be replaced with a countercyclical program. Different groups favor different types of countercyclical programs. Some are crop-specific, while others are not. The program design may be countercyclical to price or to revenue.

Congress still has much work to do on the next farm bill, but the budget framework is in place. The legislators have set aside nearly \$80 billion in additional funds for agriculture over the period 2001 to 2011. For the current year, they have allocated \$5.5 billion for producer assistance. At the time of this writing, the House of Representatives has approved the producer assistance but the Senate has not yet taken it up. The Senate is expected to move on the assistance package in July. A detailed accounting of the House version of the producer assistance package shows that \$4.6 billion of the total would be paid out as Market Loss Assistance (MLA) payments (otherwise known as supplemental

AMTA payments), \$424 million would go to assist oilseed producers, \$54 million would go to peanut producers, and \$129 million would go to tobacco growers. Wool and mohair producers would get \$17 million, cottonseed producers and handlers would get \$85 million, and specialty crop assistance would amount to \$169 million of the budget. In addition, the bill increases payment limitations on the combined amounts from marketing loan gains and loan deficiency payments to \$150,000 per person for the 2001 crop year.

The MLA payments have been in the news lately due to the recent USDA announcement that such payments are considered trade distorting under World Trade Organization (WTO) guidelines. This means that these payments could count against our WTO domestic support limits. Under the most recent WTO agriculture agreement, the United States agreed to limit spending on policies that are considered trade distorting to \$19.1 billion per year. The MLA payments would account for nearly 25 percent of this total. If the WTO spending limits become a constraint on farm policy, this designation of the MLA payments could have a profound effect on the shape of the future farm bill. ♦

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BRIEFING PAPERS

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