

Keep an Eye on Trade, Interest Rates and the Farm Bill

Washington, D.C., is sure to be buzzing in the coming year. While the election will headline the news, farmers should keep an eye on trade, interest rates and federal budget pressures.

Congressional ratification of the Trans-Pacific Partnership Agreement (TPP) with 11 Pacific Rim countries and the completion of the Trans-Atlantic Trade and Investment Partnership (TTIP) negotiations could occur in 2016. Improved access for many key agricultural products will likely be phased in over time.

The Federal Reserve will likely begin to raise interest rates at its December 2015 meeting, which is the first time since December 2008. Rates aren't likely to move up quickly. However, even modestly higher interest rates will put additional downward pressure on farmland value.

While farm-state members of Congress were able to get a leadership commitment to reverse the cut to payments for crop insurance companies in the Bipartisan Budget Act of 2015, that change has been enacted in law until reversed by an offsetting provision. In addition, there will likely be renewed efforts

to reduce farm bill spending for the next few years. Those efforts will focus on nutrition programs, crop insurance, farm programs and conservation programs—the four biggest targets in terms of projected spending levels. Even though the annual federal budget deficit was reduced by more than three-quarters between 2009

and 2015, congressional rules still require offsets for any new spending, so farm program funding will continue to be targeted.

When the new house speaker, Rep. Paul Ryan (R-Wis.), chaired the House Budget Committee, his budget proposals included significant cuts to farm program spending, so he could be sym-

pathetic to such efforts. None of the other members of the House and Senate leadership of either party except Sen. Dick Durbin (D-Ill.) are from farm states, which means there might not be defenders of farm programs in the room the next time such budget cuts are discussed in 2016 and beyond.



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Watch Out for Obama's Final Few Months

We will continue to see movement on the various legal challenges against the Waters of the U.S. (WOTUS) Rule in 2016. Congress might also restrict funding for implementation of the rule. Regardless, WOTUS will be a part of our vocabulary for some time.

We are seeing an increase in the number of lawsuits brought against farmers or affecting farmers that go beyond the traditional "unpermitted discharge" Clean Water Act lawsuits. The Resource Conservation and Recovery Act and Safe Drinking Water Act are being used to target large west coast dairies. The Des Moines Water Works case is also a novel use of the Clean Water Act to target farmers. Farmers will need to adapt and protect their rights.

President Barack Obama's last year in office will loom over policy decisions in the White House and Congress. I expect the President will use his last year to implement the more controversial things on his wish list.

Past presidents have made major decisions on Endangered Species Act listings and public lands access during the waning moments of their presidencies, and these decisions have had major long-term impacts on some farmers and ranchers.

I expect the Republican-controlled Congress will hold back on passing any substantial legislation in 2016 in order to wait out the Obama Administration and deal with a Republican president in 2017.



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