



# NPPC Overview

Illinois Pork Producers  
Association  
Annual Meeting  
February 6, 2018



Fights for  
reasonable  
legislation and  
regulation



Develops and  
defends  
export market  
opportunities



Helps protect  
your  
livelihood



Secures and guides industry research funding  
Enhances domestic and global demand  
Provides producer information and education  
Delivers proactive issues management

**Mandatory  
Checkoff**

\$0.40/\$100



Develops and defends export markets  
Fights for reasonable legislation/regulation  
Informs and educates legislators  
Amplifies the producer voice with lawmakers  
Counters misinformation and activists

**Voluntary  
Investment**

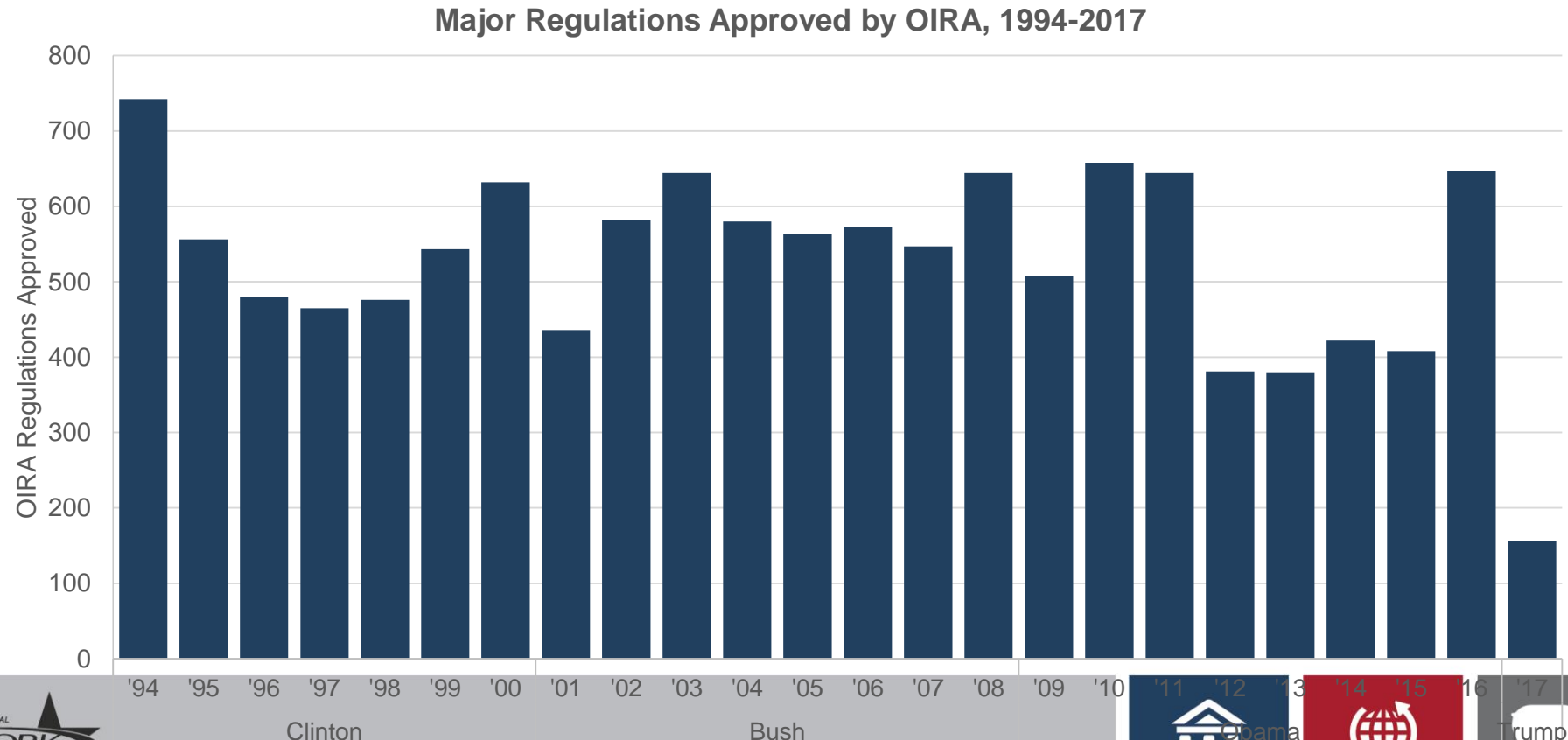
**\$0.10/\$100**



# Regulatory Landscape under Trump

- From Inauguration Day until the end of May, OIRA approved only **15 major regulations**
  - During the same period of Obama's administration 93 rules were approved, and during Bush's Administration 114 rules were approved.
- **Executive Order (EO) 13771** Enforcing the Reg Reform Agenda creates 2-for-1 rule on any new regulations and EO 13777 enforcing the Reg Reform Agenda requires agencies to identify regulations for repeal.
- **860 regulations** to be pulled or suspended under the Trump Administration's Unified Agenda of Regulatory and Deregulatory Actions released in July.
  - **469** will be completely withdrawn.
  - **391** set aside or reevaluated.

# Major Regulations Fall Off a Cliff



# Regulatory Victories under Trump

- ✓ GIPSA Rules Withdrawn
- ✓ WOTUS Repealed
- ✓ Organic Livestock Rule Delayed
- ✓ ELD Mandate Delayed
- ✓ EPCRA/ CERCLA Air Emissions Guidance
- ✓ End of EPA's Sue-and-Settlement Policy

*"We are making good on that promise at OIRA...So far, we've finalized four new regulatory rulemakings, and 10 deregulatory rulemakings."*

-Naomi Rao  
Administrator OIRA  
Sept. 30 2017



# Issues.....

- Trump Trade
- Farm Bill
- WOTUS
- Antibiotics
- No Regulation without Representation
- Labor Security
  - Rep. Goodlatte Bill
- GIPSA
- Sow Housing
- National Organic Rule
- Seneca Valley Virus
- Tax Reform
- EPA – Air Emissions
- FMCSA – E Log
- California Ballot Initiative



# Domestic Policy



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# The Fix to the Vaccine Bank (Farm Bill)

- Ask to improve the Foot Mouth Disease (FMD) Vaccine Bank.
  - USDA to establish off-shore vaccine bank.
  - Today, vaccine available to deal with a small, localized outbreak.
  - Requesting \$150 million annually through 5-year Farm Bill for bank.
  - Asking for \$70 million a year for National Animal Health Laboratory Network, which runs FMD tests; \$30 million for block grants to states to respond to FMD outbreak.



# Electronic Logging Device

- Background
  - DOT/FMCSA Hours of Service Rules
  - December 18, 2017 ELD Mandate
- Impact
  - Puts livestock haulers in difficult position
  - HOS Rules Incompatible With Livestock Industry
- Strategy
  - Congressional
  - Waiver Petition

# Electronic Logging Devices

Compliance Mandate: ~~December 18, 2018~~

March 18, 2018

## FMCSA Actions

- 90 Day Waiver GRANTED – Ag Commodities
- Guidance on 150 Air Mile Exemption
  - What is an Ag Commodity
  - What is a source of a commodity
- Action on NPPC Exemption Petition
  - FMCSA Decision Expected in Early – Mid February
  - Potential 2-3 Year Exemption
  - Industry Needs to Work on Training, Prep and Development of Device

# Air Emissions

## ■ Legal

- Stay of Mandate: ~~November 17, 2017~~ January 22, 2018  
January 19th EPA sought additional 90 days. Waiting on Court to issue new deadline

## ■ Reporting Guidance

- Clarify ACA Still In Force
- Clarify Reporting Unit Under CERCLA
- Eliminate Follow Up Reporting
- Eliminate D&B #s
- Population Density & Sensitive Ecological Conditions

## ■ Next Steps

- Congressional Approach
- Regulatory Process

# NPPC Tax Reform Priorities

1. Maintain cash accounting
2. Eliminate the estate tax, maintain stepped-up basis
3. Lower taxes on capital investments
4. Lower rates
5. Simplification



# NPPC Engagement and Study

- Commissioned study with K-Coe Isom
  - Began project in May
  - Utilized 7 representative farms
- Treatment of rates positive, expansion of business expensing even more so
  - Lack of permanence, NOL carrybacks, DPAD potential issues
- Bottom line: both plans should be a marginal net positive for pork producers

# 10 Provisions Examined in Study

1. Taxation of Individuals
2. Taxation of Business Income
3. Taxation of C Corps
4. Elimination of AMT
5. Immediate Expensing
6. Interest Deductibility
7. NOL Carrybacks
8. Domestic Production Activities Deduction
9. Section 1031 Like-Kind Exchanges
10. Cash Accounting

# Guestworker Act (Ag Act)

## Rep. Goodlatte

- NPPC backing bill that would create H-2C visa for non-seasonal workers.
  - Sponsored by House Judiciary Committee Chairman Bob Goodlatte, R-Va.
  - Would allow 450,000 foreign workers, including 40,000 for packing plants.
  - Workers allowed to remain in U.S. up to three years, and defers portion of pay as incentive for “touchbacks” – one month for every year – to their home country.
  - Puts USDA, rather than Labor Dept., in charge of program.

# No Regulation without Representation

- HR 2887 – Rep Sensenbrenner – WI
- Drafted in response to state ballot initiatives and regulations
- Neil Dierks, NPPC CEO, testified July 25, 2017
- NPPC position is all about CHOICE!





# Trade



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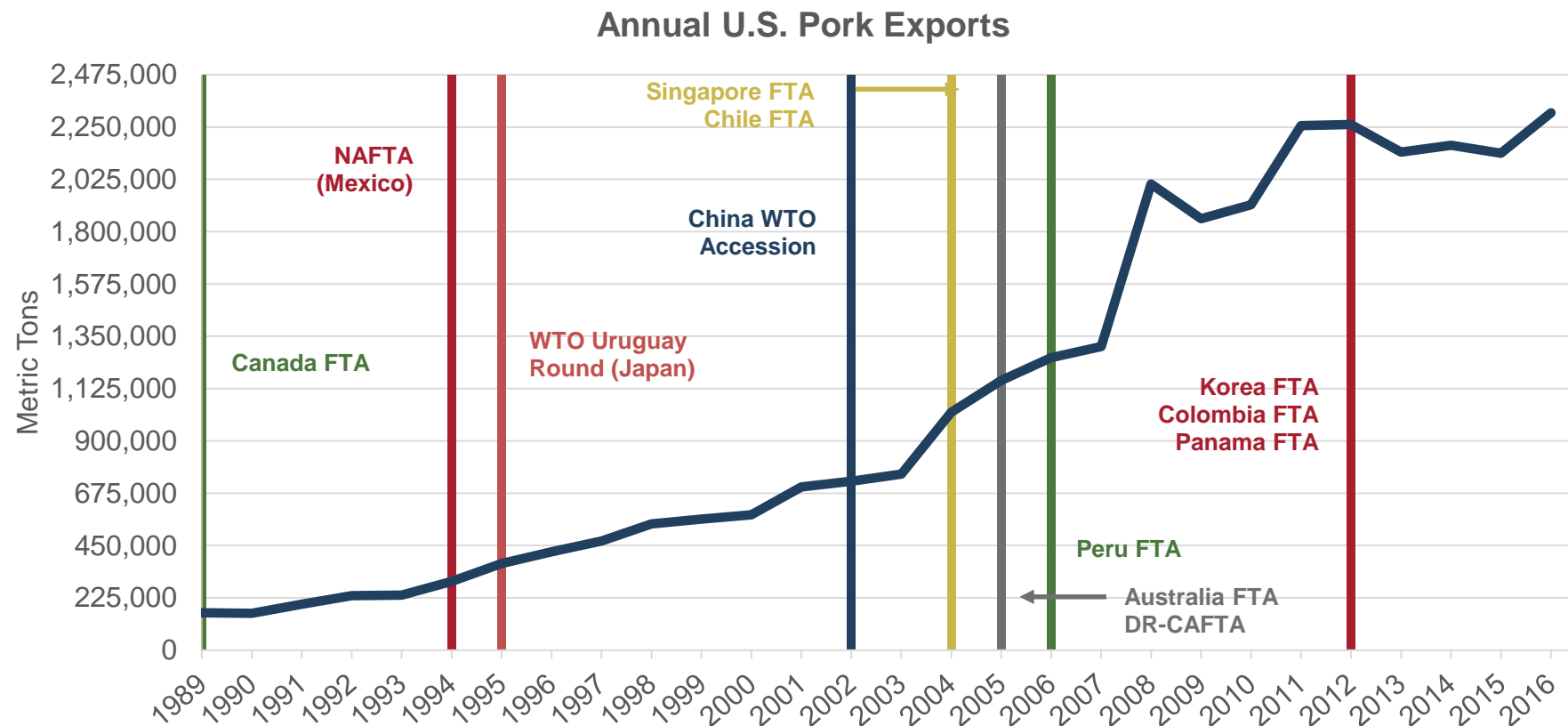


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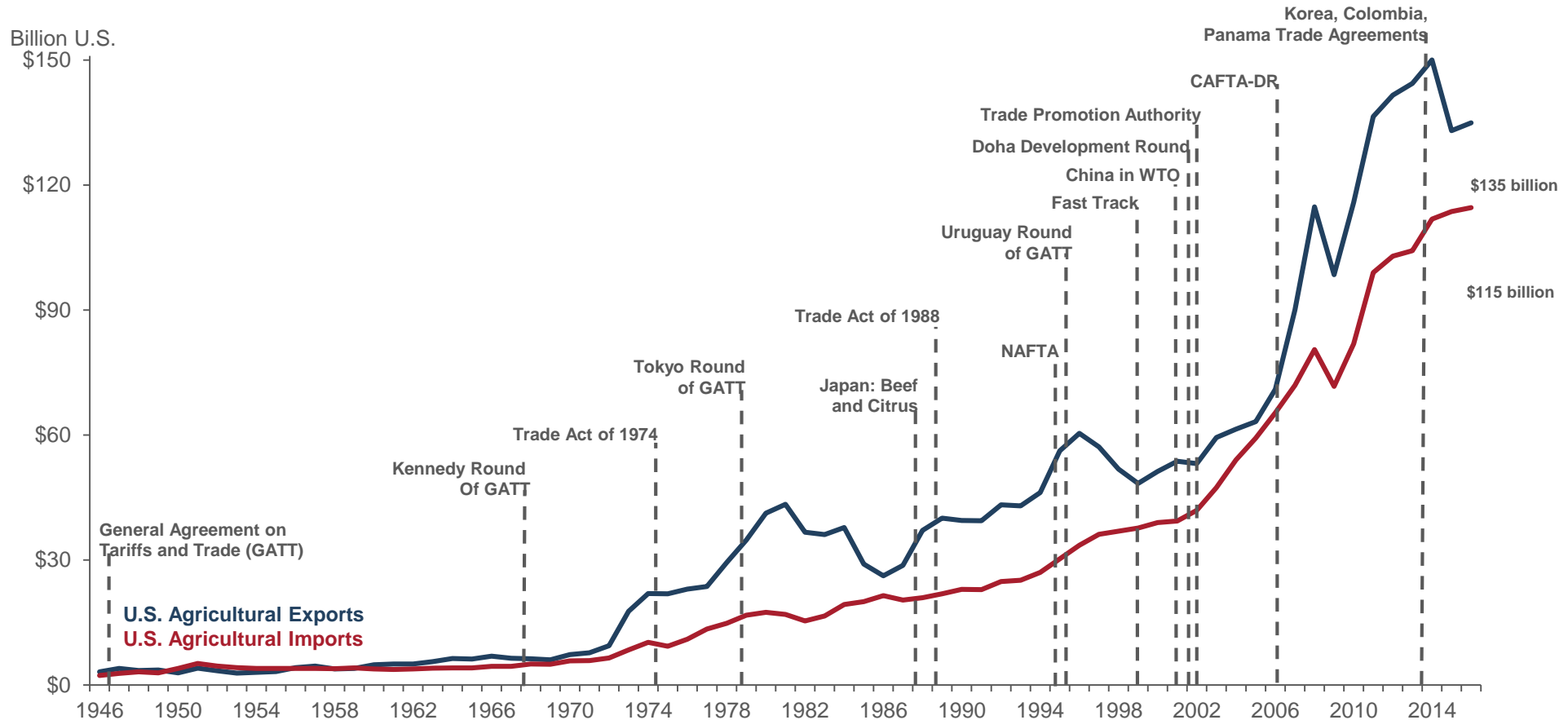
# U.S. Free Trade Agreements Lead to Increased Opportunities for Pork Exports



Data Source: USDA FAS



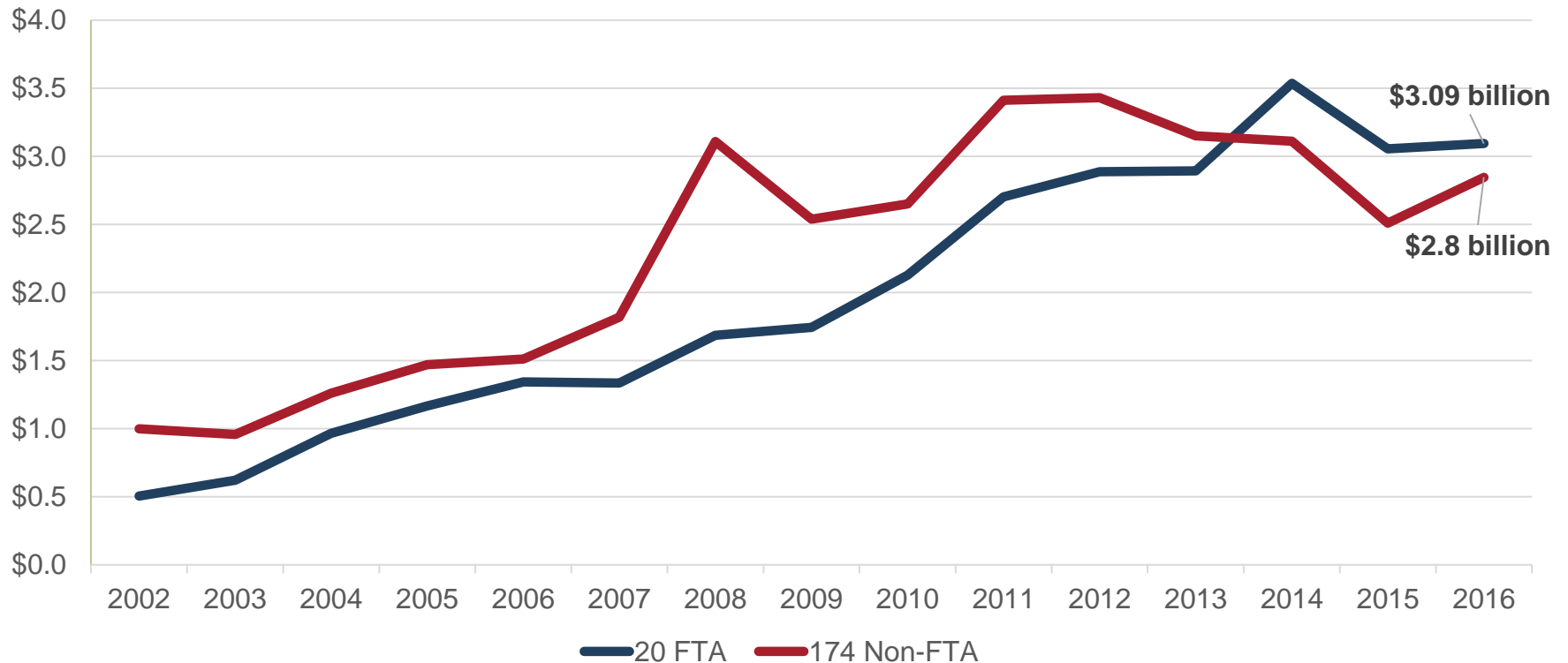
# Trade Agreements Create Opportunities for U.S. Agriculture



Data Source: USDA-FAS Global Agricultural Trade System (GATS) CY Basis



# U.S. Exports More Pork to 20 FTA Countries than Rest of World Combined

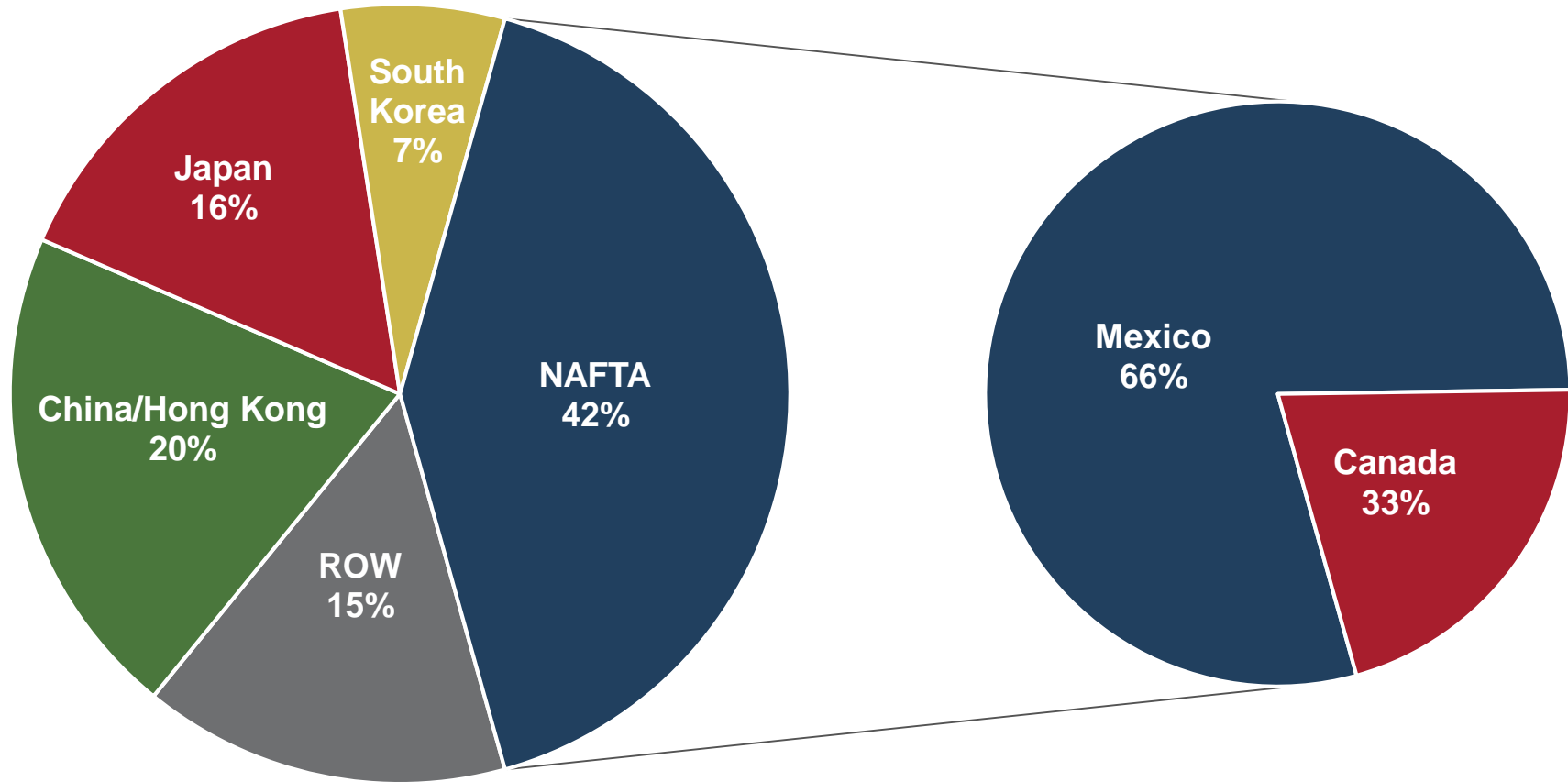


Data Source: USDA-FAS Global Agricultural Trade System (GATS)



# Free Trade Works-Importance of NAFTA, KORUS Abundantly Clear

U.S. Pork Exports by Destination, 2017 YTD



# NPPC Trade Policy Priorities

- Protect pork exports to Mexico and Canada
- Protect pork exports to Korea
- Protect pork exports to China
- Negotiate FTAs in the Asia Pacific Region beginning with Japan.
  - Vietnam (90 million/\$5,000) , The Philippines (98 million/\$7,800), Malaysia (30 million/40%/\$22,500), and Indonesia (250 million/13%/\$9,200) also important. (For perspective Mexico 122 million/\$16,100.)
- Open markets closed to U.S. pork such as Argentina, Brazil, India and Thailand
- Support FTA negotiations with the UK



# THANK YOU

- Questions?

