MACA
MID AMERICA CROPLIFE ASSOCIATION
UPDATE
OCTOBER 2016

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THE KEY DRIVERS FOR AGRICULTURE

By Eric Sfiligoj

The rate of change coming to agriculture is growing, and will continue to do so for the foreseeable future. This was the message delivered by **Rob Saik**, CEO for AgriTrends, to Mid America CropLife Association (MACA) attendees at the association's 2016 annual meeting. "The rate of change will only get faster," said Saik. "Standing still is death."

But before too far into the future, Saik spent some time reflecting on agriculture's recent past. In particular, he focused on many of the decisions being forced upon the industry based largely on emotion. "I believe that the non-science movement is the greatest threat we have to global food security today," he said. "I've been asked 'can agriculture feed nine billion people?' and I've answered 'the real question is will agriculture be ALLOWED to feed nine billion people?'"

To illustrate this point, Saik pointed to the continuing battle between modern agricultural practices/proposals and legislators in the countries of the European Union (EU). "Europe is quickly becoming the museum of farming because of the Draconian legislation going on regarding agriculture," he said. "I don't care if you are talking about meat, seed, fertilizer, or whatever – it's all under attack."

In particular, Saik added, EU consumers have a decidedly negative view of anything sporting the name genetically-modified (GM), rejecting all such efforts to improve the food supply as "bad." But this overlooks many facts of modern life, and the role GM has played in it. "If you know someone who's diabetic and takes insulin such as Humalog to stay alive, which is probably derived from GM technology, yet people protest against using all GM products," said Saik. "The Economist magazine recently pointed out that the number of children under the age of five that have died of malnutrition over the last few years is more than one million. But the number of people who have died from eating GM crops, ever, is zero."

Unfortunately, this non-science movement has made its way into the U.S. as well, especially when it comes to labeling legislation in states such as Vermont. "Vermont is known for its cheese, and 90% of hard cheeses in the U.S. today contain a GM product – a coagulant used to make them comes from using GM technology," said Saik. "Yet when Vermont recently passed its new anti-GM labeling law, it hypocritically exempted cheese."

To fight back against this non-science movement, Saik suggested that anyone involved in the agricultural marketplace become educated on GM science and share this information with anyone that will listen. "We have to start scouting out of the darkness and standing up for what we know is true," he said.

Turning the focus to more positive topics, Saik predicted that genetic engineering would continue to shape the future of agriculture. In particular, he said clustered regularly interspaced short palindromic repeats (CRISPR) holds lots of promise for crop development. "CRISPR is going to revolutionize genetic engineering," said Saik. "Not only will you see new traits, such as added zinc in wheat, appearing, but I can see all kinds of things being added in places like seed treatment using this technology."

Saik also expects many new agricultural developments to appear in the areas of technology and data. In terms of hardware, he said growers are already using advanced sensor technology to track crop growth rates and adjust their crop nutrient needs accordingly. Soon, he predicted, this could extend to the soil. "Could we have nitrogen or phosphorous sensors in the soil and beam their information back to the grower in real time?" he asked. "Why can't we have that?"

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2016 AWARD RECIPIENTS

Matt Wagner

Dean Roy Achievement Award

MACA President Neil Cleveland presented Matt Wagner the Association's most coveted award, the Dean Roy Achievement Award for "Exceptional Service to MACA and the CropLife Industry," for contributing the most by their selfless service. Wagner lives near West Lafayette, Indiana, and is the 35th person to receive this award.

"Wagner is committed to the crop protection industry and works for its betterment through MACA," stated Cleveland. "He sees the crop protection industry as a way to encourage young people to consider a career in agriculture."

"Wagner spends time with the students, but also works to encourage participation in MACA from new members. He welcomes them, answers questions and encourages them to provide input on the issues discussed. Matt Wagner is an integral part of MACA by encouraging new people as well as long time members to be a part of MACA and help the industry," concluded Cleveland.

Dr. Kevin Bradley

Educator of the Year Award

Dr. Kevin Bradley, from the University of Missouri, received the Educator of the Year Award. Dr. Bradley is an Associate Professor, Division of Plant Sciences, at the University of Missouri where his faculty appointment includes extension and research responsibilities in the area of weed management in corn, soybean, wheat, pastures, and forages. In addition to evaluating new herbicides and weed management techniques, Dr. Bradley's applied extension and research program focuses on the development of programs for the prevention and management of herbicide-resistant weeds, on the interaction of herbicides and weeds with other agrochemicals and pests in the agroecosystem.

Dr. Bradley received his B.S. in Agriculture from Ferrum College and his Ph.D. in Plant Pathology, Physiology, and Weed Science from Virginia Tech.

The award was first presented in 1978 and is presented to an individual who has demonstrated significant contributions to American agriculture, especially in the MACA region. Also, the person has demonstrated evidence of consistency in educating the public on the values of production agriculture.

Tom Warner

Industry Vision Award

Tom Warner, President, North America Retail Agrium and President, Crop Production Services, Inc. was presented the Industry Vision Award. It's presented to an individual who's devoted their career to promoting and protecting the interests of the entire crop protection industry that supports American and Midwestern agriculture and has shown leadership roles within their company and in other industry-wide organizations.

Warner was born and raised on a grain and livestock farm in eastern Indiana and while in high school, he started a custom application, crop protection and liquid fertilizer business.

At college, Warner received his B.S. degree in Accounting from Ball State University in Muncie, Indiana while running his distribution business located nearby. Following graduation, and the eventual sale of his fertilizer/CPP business, he was employed by Allied Chemical Corporation, Omaha, Nebraska as a wholesale fertilizer salesman.

Tom's career with CPS began in 1980, when he joined Agrico Chemical's retail division (which became Crop Production Services in 1983), and held various positions. In 2004, he was named President, where he is currently responsible for all of Agrium's retail distribution business in North America consisting of nearly 1,200 retail locations. As a result, he's had more than 40 years in the industry, which includes the successful integration of Royster-Clark and UAP into Agrium-CPS.

Warner is also known for his support of the "4R Stewardship" program; the Environmental Stewardship Awards program for facilities; and Tom has been a major supporter of MACA over the years by encouraging CPS management to be involved and has spoken at several MACA Annual Meetings.

Kurt Lawton

The Ruth White Media Award

The Ruth White Media Award was presented to Kurt Lawton, Director of Content for Penton Agriculture, which includes Corn and Soybean Digest.

Kurt's goal is to help farm business owners/managers think differently about their crop production, technology, conservation, and management practices to achieve greater satisfaction in their professional and personal lives. He does that by directing the editorial planning, budgeting and execution of content across the magazine, website and other digital product entities for Penton Agriculture. As a result of Kurt's efforts, farmers throughout the Midwest and entire country know more about crop protection products available, as well as the their uses and benefits to ensure a safe and abundant food supply.

Kurt is a graduate of Iowa State University, with a bachelor's degree in Agricultural Journalism, and from the University of San Francisco, with a Master's Certificate in Internet Marketing.

PRESIDENT'S PERSPECTIVE

I write this as the newly elected MACA President preparing to attend the Crop Life America Annual Meeting. This is an opportunity for me to connect with other industry leaders from across the country and share information about our MACA programs. After the MACA Annual Meeting, the energy was high as people were talking about the speakers and the 2016 Young Leader Scholarship Program Class. There are some exciting times ahead and we get to be a part of it!

One of the things that I will be working on in the year ahead is the continuation of the Long Range Plan (LRP). We've been working on it and the committees are building upon it by using more electronic technology to include more members and speakers as we all try to make the best use of our financial and human resources. I think more can be done to implement this plan and we will be discussing this and other ideas at the LRP Task Force Meeting on November 1. This is a working document which we will be building upon and will include our new leaders as well as members as we move forward.

The second area of focus is membership. As you know there is a consolidation/merger taking place in the industry, but there are still some companies that are not members, and with encouragement I believe that they will see the benefits of joining MACA. One of the non-members at the MACA 2016 Annual Meeting has already asked for a membership application. I expect that we will be reviewing the application at the November meeting.

The third area of focus is finances. Like any company, we have to continue to look at the bottom line. What can be done differently and still achieve results? What are some other ways to attract sources of revenue? There are no simple answers, but by working together I am confident the board of directors will find answers.

The fourth and final area is involvement by the members. I know that every person is busy, but I respectfully want to encourage you to consider attending one of the MACA quarterly meetings in November, February, or June. I think you will find it valuable to you and your work. If you can't attend, encourage someone from your company to attend.

If you have any questions or would like to volunteer for one of the committees, please contact me at 509-922-0944 or email me at mattewers@ieds.net. The opportunities are endless on how you can become involved, so just let me know, and we will find a place for you as we help to continue to provide services and benefits to the members of MACA!

Matt Ewers, 2016-2017 President

THANK YOU ANNUAL MEETING SPONSORS

MAJESTIC – $1,000 OR MORE

Aceto Ag Chemical Corporation
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Rosen's Inc.
Syngenta Crop Protection, LLC
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Crop Production Services
DuPont Crop Protection
Flowserve
Gowan USA
Helena Chemical Company
MFA, Inc.
Micro Matic USA, LLC
Nufarm
SipcamRotam
Winfield US

SILVER – $250 OR MORE

Banjo Corporation
Lee Container
RCI

BRONZE - $50 OR MORE

Junge Control, Inc.

GOLF TOURNAMENT RESULTS

Thirty one golfers participated in this year's tournament September 7 at The Wilds Golf Club, Prior Lake, Minnesota.

In the competitive flight, first place with a 62 was Michael Boden, Jim Jenkins, Gil Strader from Syngenta and Frank Mitsch, Wells Fargo Securities.

Second place with a 63 was Max Parks, ISK Biosciences; Doug Albert and Dennis Pfeiffer with Tide; and David Peiper with Junge Control.

Fun Flight:
The first place team was Tom Quade, FMC; Rick Welder, CropLife Media; and Casey Daniel, Willowood USA.

Second place went to the team comprised of Matt Lawrence and Rick Krause, Valent USA; Andrea Williams, Michigan State YLSP; and Eric Sfiligoj, CropLife Media.

Skill Events:

CTPS #7	Casey Daniel, *Willowood*
CTPS #13	Rick Welder, *CropLife Media*
Longest Drive 55 and under	John McKinney, *Helena*
Longest Drive 55 and over	Spencer Vance, *Albaugh*
Longest drive #10 for Women	Carley Esser, *MO YLSP*

The **Whys** of Agriculture

By Eric Sfiligoj

During 2016, there have been a myriad of challenges facing the whole of the agricultural industry. Such wide ranging issues as water protection, sustainable agriculture, and an increasingly difficult-to-navigate regulatory process have forced many agricultural companies to take a good, hard look at what the future might hold. In an attempt to sort through this question of why, given current conditions, companies should continue to invest in agriculture, the 2016 annual Mid America CropLife Association (MACA) meeting featured a panel discussion with representatives from three crop protection product suppliers.

According to **Adam Burnhams**, General Manager for SipcamRotam, the major reason why agriculture remains an attractive prospect for companies ties back to its ultimate goal: Feeding the world's growing population. "While we are meeting here today at the MACA annual meeting, an additional 90,000 people have been added to the global population," said Burnhams. "And this number will just keep growing between now and 2050, when we are supposed to top nine billion mouths to feed."

Besides feeding the world, agriculture also remains attractive for company investment because of how far reaching it is, he added. "The diversity in agriculture today is amazing," said Burnhams. "Whether you are looking at equipment or crop inputs, there are so many segments that companies can optimize and focus on."

Despite this fact, said **John Kasper**, Commercial Director for FMC Corp., much of the profitability suppliers can find in agriculture still rests in the grower's hands. "I've been telling our people we have market opportunities to get back to the fundamentals of the business and illustrate the value of our products at the farmgate," said Kasper. "The past five years, farmers have been all about 'what can we do so I can produce more yield?' But now, farmers are asking 'how do we save money on that acre?' It's still about the yield, but we have to adapt." For FMC, he added, this means investing in new opportunities such as in-furrow technology and biologicals.

Of course, in other instances, companies are deciding that going it alone in agriculture makes less sense (and cents) than pairing up to maximize resources and capital. According to **Rico Christensen**, Business Unit Head, North America, Australia, and New Zealand for Arysta LifeScience, the current wave of company consolidations taking place within agriculture is partially being motivated by a different set of circumstances than in the past.

"It used to be that companies combined to gain access to new geographies or technologies to grow their businesses, but now I think the cost of bringing a new active ingredient to market is the key," said Christensen. "From 2010 to 2014, the cost of introducing a new product in crop protection was $286 million, up only 49% in research and development costs but up more than 124% in regulatory costs from 20 years ago, and this will only get worse in the future. In this kind of cost environment, it is critical that companies are big enough to sustain the kind of investment needed to launch new active ingredients."

During these 20 years, Christensen added that more than 20 once high profile companies have completely exited the agricultural marketplace. "A fun fact about this: 27% of these companies had names that started with the letter 'C,' while another 15% started with the letter 'S.' In fact, only one company name today still starts with the letter 'C,' and that's ChemChina."

Looking down the road a bit, Christensen foresees more such consolidation taking place in the industry. And this is where some new opportunities might lie. "With large company consolidations, there are likely to be spin-offs and product line sales taking place," he said. "And this will open up opportunities for smaller companies to step in and add to their product portfolios."

Mid America CropLife Elects 2016-2017 Leaders

At the MACA annual business meeting in Bloomington, Minnesota, officers for 2016-2017 were elected and filled several board of director positions at the September 8 meeting.

New officers are:

President **Matt Ewers**, IEDS Logistics

Vice President **Gunther Kreps**, Crop Production Services, Inc.

Secretary/Treasurer **Paul Edsten**, DuPont Crop Protection

Neil Cleveland, Bayer CropScience, will serve as immediate past president.

Elected to three-year board of director terms were:

Don Bradley, Flowserve, and **Jay Morris**, Morris Bixby. **Susan Macy**, Valent was elected to complete an unexpired term, which ends in 2018.

November MACA Quarterly Meetings set for St. Louis

The Mid America CropLife Association Committee Meeting

Wednesday, November 2, 2016

9:00 am D&E Committee Meetings

9:30 am Executive Meeting

Noon: Lunch and a short program

1:30 pm Committee Meetings

MACA Board of Directors Meeting

Thursday, November 3, 2016

7:30 a.m. at the Renaissance St. Louis Airport Hotel

9801 Natural Bridge Road

St. Louis, Missouri

(314) 425-1100 or 800-468-3571

For additional details, please contact the MACA office.

CropLife AMBASSADOR Network

Our Mission...

to provide scientifically based accurate information to the public regarding the safety and value of American agricultural food production.

The ambassador program is off and running this fall! It is wonderful to see all the requests coming in from new and returning schools. Please check our website often as we are constantly adding new speaking opportunities.

Fall, and the start of a new school year, is also a fabulous time to approach some of your colleagues about becoming ambassadors. Reach out to someone you work with about presenting. It is very rewarding for our ambassadors, and so valuable for the school age children to hear the story of agriculture. We have a goal of getting 175 ambassadors and need your help achieving that goal. Send them to the website for more information or to sign up at www.maca.org.

NEW AMBASSADORS

Deric Hudson, KOVA FERTILIZER, INC.

Jay Morris, MORRIS BIXBY GROUP

Tom Schaefer, MONSANTO

Think about CAN the next time you're with one of your coworkers that is passionate, energetic or enthusiastic about agriculture, and refer them to us. Direct them to our website and click on "Become an Ambassador". It's Easy! This is a perfect time to refer new ambassadors so they are ready for the upcoming school year.

Contact:

Michelle Kilper,
CropLife Ambassador Network
Program Manager
314-849-9446
michelle@maca.org
Ambassador.maca.org

2016 AMBASSADOR OF THE YEAR

Congratulations to the 2016 Ambassador of the Year, Rick Welder. The CropLife Ambassador of the Year Award was first presented in 1993. It is designed to recognize an ambassador for their efforts in promoting the crop protection industry through presentations to students or consumers. Rick is from CropLife Media Group, where he is the Associate Publisher.

Rick became an ambassador in 2014 and made five presentations to more than 120 students this past year (2015-2016). He's dedicated and has never turned down a request as he enjoys talking with elementary students – at school or at the office when it was "Bring your Child to Work Day." Rick's work on the committee is really what makes him an ambassador of the year. He comes to the meetings and participates! As a leader, he presents great ideas and enjoys working with other committee members.

Rick has worked extensively on the "Careers in Agriculture" presentation designed for older audiences. Rick is enthusiastic about agriculture and it shows when he makes a presentation or is working on materials to help ambassadors make it easy, yet meaningful. Rick also serves as a member of the MACA Board of Directors.

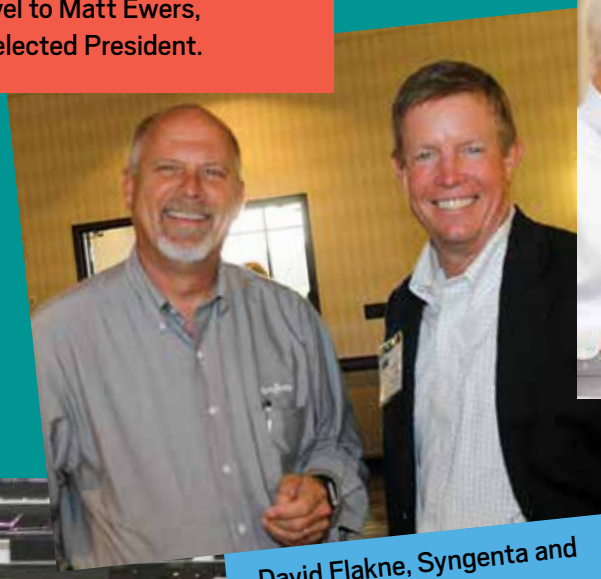
CropLife Ambassador Network- CAN

CropLife Ambassador Network

CropLife Ambassador Network

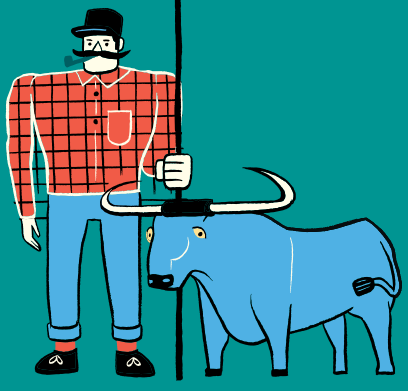
ANNUAL MEETING SNAPS

Changing leadership – President Neil Cleveland passes the gavel to Matt Ewers, newly elected President.



David Flakne, Syngenta and David Tierney, Monsanto

37 members toured the US Bank Stadium home of the Minnesota Vikings



Terry Kippley and Jerry Miller

Rachel Stowers, Purdue YLSP; Susan and Jane Hanson, Dow AgroSciences

President Neil Cleveland thanks retiring directors Tom Quade, FMC; Neil Timmerman, Helena and Dave Mulder, United Suppliers.

Jason Paris, MFA, was having a great time cheered on by Kellie Bray, CLA, and YLSP recipients Carley Esser, U of MO; and Rachel Stowers, Purdue.

Golfers had a beautiful day to tee off at The Wilds Golf Club, Prior Lake, Minnesota.

Macy, Valent,

Mid America CropLife Elects 2016-2017 Leaders

From left to right – front row: Secretary/Treasurer **Paul Edsten**, DuPont Crop Protection; Immediate Past President **Neil Cleveland**, Bayer CropScience; President **Matt Ewers**, IEDS Logistics; Vice President **Gunther Kreps**, Crop Production Services, Inc.; and. board member **Shelbi Reed**, Kova Fertilizer. *From left to right – back row:* Board members **Tom Schaefer**, Monsanto; **Susan Macy**, Valent; **Rick Welder**, CropLife Media; **Jay Morris**, Morris Bixby; **Tim Riley**, AMVAC Chemical; **Steve Koziolek**, Rosen's Inc.; and **Jason Paris**, MFA, Inc. Missing from photo is Don Bradley, Flowserve and Randy Stookey, Kansas Agribusiness Retailers Association.

Young Leaders for 2016 Speak

YOUNG LEADER SCHOLARSHIP PROGRAM
SPONSORED BY
MID AMERICA CROPLIFE ASSOCIATION

By Eric Sfiligoj

One of the consistent cries in agriculture today is the need to try and connect with the younger generations. The Mid America CropLife Association (MACA) is helping in this effort.

For the past four years, MACA members have supported the Young Leader Scholarship Program (YLSP), aimed at getting college students interested in pursuing a career within the agricultural world. At the 2016 annual meeting, MACA attendees were introduced to 10 students from nine different universities who are part of the program.

According to **Jennifer Myers** of the University of Nebraska-Lincoln, programs such as this one are important to help bridge the information gap between the general public and agriculture-at-large. "I come from a non-agriculture background, so I can see both sides of the world," said Myers. "So I realize just how important it is that we educate others about agriculture. I think there's been a decline in the interest in agriculture so I have enjoyed sharing my experiences in it with others and explaining why it's important to the world today."

Rachel Stowers, a student at Purdue University, agreed with Myers' view. "One of the greatest assets I believe I have is my communication's skill," said Stowers. "And I have enjoyed working with people at Purdue to make them aware of the opportunities in agriculture that are there."

Work Experiences

As part of the YLSP, many of the students have spent their summer at internships with various agricultural-oriented companies, working with growers. According to **Kyla Mauk**, a student at South Dakota State University who interned with DuPont Pioneer, this led to some interesting moments for her personally. "One of my jobs was to train sales representatives on how to use new technology, and there was this one person who was a 30-year veteran and very outspoken," said Mauk. "I had to go to his farm to teach him some new programs and I was really scared. I spent two hours at his farm teaching him about new technology and after I left, I found out he told everyone I was the 'great little farm girl who taught him everything he needed to know about new technology.'"

Other students spent time with various agricultural trade groups and agencies. This included **Nora Faris**, a student at the University of Missouri who worked with agency FLM in Washington, DC. "I got to learn firsthand about all the agricultural issues that are a challenge to people in the market," said Faris. "Now when someone asks what I know, I tell them Detroit makes cars, the Gulf Coast makes oil, the Midwest makes corn, and Washington makes it difficult!"

2016 YLSP Class – Andrea Williams, Nora Faris, Kyla Mauk, Carley Esser, Dillan Smith, MACA President Neil Cleveland, Tony Moellers, Jessica Bramhall, Jenny Myers, Taylor Kemper and Rachel Stowers.

Ag Industry Challenges Present Opportunities

By Eric Sfiligoj

"Let's face it – the perception of our business is negative," said Kaehler. "We need to fight back and learn how to communicate better with consumers..."

Bringing the 2016 annual Mid America CropLife Association (MACA) meeting to its conclusion, a pair of crop protection company representatives discussed the many challenges and possible opportunities facing agriculture in the 21st century. According to **Michael Boden**, head of U.S. Crop Protection Sales for Syngenta, there are four major challenges currently facing global agriculture: food security, breaking through the productivity ceiling, a limited amount of farmland for growers to utilize, and decreasing natural resources.

"At the end of the day, it all boils down to everyone in agriculture having an industrywide engagement in how we can ensure there is a food supply going forward," said Boden. "And at Syngenta, we have a company platform called the Good Growth Plan which looks at addressing many of these concerns."

Of course, addressing challenges can lead to some new opportunities, said **Ben Kaehler**, U.S. Sales Leader for Dow AgroSciences. For example, consider the current state of the agricultural market itself.

"We just have experienced some of the best years of agriculture, and if you look at the years from 2010 to 2016, the values for both crop protection products and seed have largely increased year-over-year," said Kaehler. "But in the agricultural market, we know we get into cycles, both up and down. Right now, we are coming off one of the ups and just starting on one of the downs, and 2017 will probably look similar to the down years of 2015 and 2016. But if you look at the overall numbers, the values for 2017 will still be as good as they were back in 2013, which will still be one of the best the industry's ever seen. Furthermore, growers will still plant lots of crop seeds that will need crop nutrients and crop protection products to succeed."

Another area where agriculture has come under increased fire in recent years is regulatory. And things could get a lot worse in the near future, predicted Kaehler. "I think we are only at the tip of the iceberg in terms of new regulatory challenges," he said. "Just a few years ago, I doubt so many people in our industry would have been so concerned about such topics as buffer zones and pollinator health as they are today."

For crop protection product companies, this has presented its own new set of challenges, particularly when it comes to choosing between existing and new products. "Because of all the increased scrutiny, new products are being delayed longer than ever before," said Kaehler. "Worse still, existing product labels are increasingly being revoked, such as Belt, which has been used for more than 20 years. Bottom line: No products are safe and we as an industry will spend a lot of money defending existing products vs. investing in new ones."

Then there's the public perception of agriculture. "Let's face it – the perception of our business is negative," said Kaehler. "We need to fight back and learn how to communicate better with consumers. And we need to communicate as consumers, not scientists. This is another opportunity we should take."

MACA UPDATE

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IMMEDIATE PAST PRESIDENT
Neil Cleveland

EXECUTIVE DIRECTOR/EDITOR
Bonnie McCarvel

INDUSTRY COMMUNICATIONS COMMITTEE CHAIRMAN
Jay Morris

MACA NEW MEMBERS:

Ag Depot

KALO

Mid-America Merchandising, Inc.

Tide USA International

Willowood USA

MACA WEBSITE

Be sure and check out the speaker presentations and photos from the MACA Annual Meeting which have been posted on the MACA website and Facebook.

Follow MACA on Facebook.

THE KEY DRIVERS FOR AGRICULTURE continued from page 1

Machinery, too, will change as self-driving tractors (now being introduced by companies such as Case IH) and 3-D printing become more widespread. "For equipment owners, you won't have to go into town anymore to get replacement parts," said Saik, discussing 3-D printers. "Instead, you would get an email that will cost $1,500 with specs and a 3-D printer will print out the parts at the equipment dealership or in your own shop," said Saik.

In addition, connecting all the data gathered on the farm into an actionable plan will become the norm. "With more data, you will need some kind of artificial intelligence to analyze and use all of it before making decisions in the digital world," predicted Saik. "The biggest decision the grower will make in three to four years will not be what color their equipment is or what traits he wants in his seeds, it will be what data platform can be used to build a digital farm before moving onto the real thing."

KEY MEETING DATES

NOVEMBER 2-3, 2016
MACA QUARTERLY MEETINGS
RENAISSANCE ST. LOUIS AIRPORT HOTEL
ST. LOUIS, MO

SEPTEMBER 5-6-7, 2017
MACA ANNUAL MEETING
THE WESTIN KANSAS CITY AT CROWN CENTER
KANSAS CITY, MO

The Financial Shape Of Agriculture

By Eric Sfiligoj

Many of the attendees at the 2016 Mid America CropLife Association (MACA) meeting were asking each other the same question – what is the financial shape of agriculture today and going forward? To help provide some possible answers, MACA invited **Dr. Michael Swanson**, Chief Agricultural Economist for Wells Fargo, to discuss the matter at length.

To better understand today, said Swanson, it's helpful to review the recent past of the agricultural marketplace, considering the concepts of environment vs. execution. "From 2005 to 2013-14, the wind was blowing at agriculture's back," he said. "To be a success, you didn't need to have a strategy or good execution to be bullish about being in agriculture. But in a commodities market like agriculture, execution is the No. 1 thing to do to be successful."

To illustrate his point, Swanson compared net farm revenues from the early 2000's to today. "The thing you hear about farming right now is that it is not good and that people are not making money," he said. "But in 2006, we had $57 billion in net farm income in this country. Today, we are at $55 billion. So why is this a crisis? Because if you had net farm income of $100 billion two to three years ago, $55 billion is a crisis – especially if you spent your money based upon this higher income level. Then you have a problem."

This is leading to many of the nation's growers having to do something they traditionally haven't done well – make tough decisions. "The real problem for many farmers is they got sloppy," said Swanson. "They thought it would always be easy to make money, so they agreed to high cash rents and fertilizer purchased based upon different pricing models. Now they have to make adjustments."

According to Swanson, part of the problem for farmers is the fact that so much of their asset bases are tied up in only two areas – real estate and machinery, and these are places where most tend to pool their money. "Back in the 1970s, real estate was approximately 70% of your average farmer's balance sheet," he said. "Today, real estate represents 83% and machinery is at 9%. So farmers have 91% of their balance sheets tied up in only two categories. And most of these machinery values are probably wrong because a farmer would lose 30% to 40% of their book value if these assets were sold."

But to be successful over the long haul, Swanson said farmers need to place more emphasis on crop yields. "In 1948, labor was the key expense in crop production in the U.S.," he said. "But today, farming is an input-intensive industry. It's not a sweat business anymore. It's a smart business."

And as crop inputs and production technologies have improved, so have yield rates. Over the past 45 years, said Swanson, corn yields have grown 1.6%, soybean up 1.3%, and wheat 1.1%. "Farmers today need to fully understand where these higher yields have come from, utilizing new technologies in places such as seed, fertilizer, and machinery," he said. "If a farmer is trying to achieve these higher yields consistently, then he will have to buy the inputs that will help him do this. Otherwise, he will be just dead in the water."

"Farmers need to have a commodity-type of mindset or they will be in trouble," he concluded. "Farmers tend to get fixated on a certain forecast and then refuse to adjust to the conditions they might find themselves in that don't match up. To remain successful, they need to learn how to react to these changes and be flexible."

WATER UPDATE

– By Steve Taylor, MACA Water Consultant

Review and Status of Great Lakes Water Issues

While water issues involving the Great Lakes may affect those that border the lakes the most, these issues have the potential to affect all MACA members. And while only some issues today directly involve pesticides, the methodology and polices adopted today to deal with chemicals in general could greatly impact all pesticides in the future. The biggest potential impact regards how policies are developed to approach the issue of risk.

A complex governance framework exists in the Great Lakes region that include interconnected quasi-governmental organizations, the International Joint Commission (IJC), the Great Lakes Commission, non-governmental organizations, private foundations, and business and industry groups as well as local and state governments and the governments of Canada and the United States. Studies funded through governmental programs, non-profit foundations, and academic fellowships drive actions taken by these organizations and jurisdictions. The Great Lakes system is huge and complicated (environmentally, economically, and culturally). There is a great need for continued coordination, collaboration, and data sharing among the myriad of jurisdictions, organizations, institutions, and individuals that address Great Lakes issues. To help keep track of all things Great Lakes, MACA continues to be a member of the Council of Great Lakes Industries (CGLI) and specifically participates in CGLI's Chemical Management Work Group which focuses on issues that impact the use and management of chemical substances. Issues addressed by this work group include chemicals of emerging or mutual concern, the increasing focus on "green chemistry," and other trends in Great Lakes chemical use and management. The work group engages in policy and research projects and participates in studies that focus on risk-based concepts. The work group inserts an industry perspective while it interfaces directly with these groups, initiatives, and efforts.

The revised Great Lakes Water Quality Agreement (GLWQA) continues to be the overarching umbrella document that brings all these groups together. We expect the continued implementation of GLWQA's efforts to identify chemicals of mutual concern (CMC). While agencies are establishing 'management actions' for the first set of CMCs, work will also continue on identifying the 2nd set of CMCs. Industry input into the plans for management actions and the identification of the next sets of CMCs will be critical to ensure that all chemical management strategies are based on peer reviewed science and data and reflect a risk-based approach to chemical management.

Besides monitoring potential impacts on chemicals and pesticides, there are other Great Lakes issues that have the potential to impact MACA members to some degree. The most obvious is linking fertilizer applications to water quality and specifically to algae blooms. There is research on-going that is meant to help improve our understanding of runoff from agriculture. But, it seems we must always be on-guard for sensational headlines that may result from this helpful research. This past year I saw one publication that was able to mention pesticides, GMOs, and toxic algae blooms all together in one headline. The headline was "Glyphosate Sprayed on GMO Crops Linked to Lake Erie's Toxic Algae Bloom". The headline was accompanied by the picture below.

The media stories were based on research by Christopher Spiese, a chemist at Ohio Northern University. Spiese took soil samples from the Lake Erie watershed, applied phosphorus to them and then sprayed glyphosate to see how much phosphorus was released. The study cited certain conditions where soils containing certain metals and low soil pH released phosphorus when glyphosate was applied to this soil. He saw desorption occurring throughout the watershed and speculated that this process is responsible for about 25% of dissolved reactive phosphorus runoff from agricultural areas. Spiese stated that for every acre of Roundup Ready corn and soybeans planted in this watershed, about one-third pound of phosphorus is released into the water and into Lake Erie and contributes to the algae blooms.

While science based research and data is usually always helpful in increasing understanding, sensational headlines only stir emotions. Again, there are many different groups with many different agendas and interests involved in the Great Lakes. MACA is always watching, engaging where necessary, and always keeping you informed.

EXECUTIVE REPORT

Bonnie McCarvel
Executive Director

What a busy time it has been! The 2016 MACA annual meeting is history, but as soon as it is done, the planning for 2017 begins. There's no doubt the speakers were a hit. But, what speakers will members be interested in next year? What will be the hot topics? How can we channel the energy from the meeting into providing member services? Those are just some of the questions that are considered.

As discussed at the meeting, as MACA "Drives to Succeed," the members are committed, energetic and enthusiastic. The Distribution and Environment committee is working on updating and adding to the hazardous materials videos that are on the website, the Industry Communications committee continues to retain and recruit new members as well as supports and promotes the CropLife Ambassador program. The program is designed to tell the story of agriculture and the benefits of crop protection products to ensure a safe and abundant food supply. Thanks to the 80 ambassadors who gave 109 presentations to more than 6,000 students. Just think if they went home and told one more person something about what they learned, the number of people reached! We have to make it personal and that's why it is so important that members volunteer to speak with the elementary students.

The other program which MACA has focused on the past four years has been the Young Leader Scholarship Program. Started in 2013, the program is designed to introduce college students, from the 13 land grant colleges in the MACA region, who are interested in a career in agriculture to MACA and vice versa. The students are a potential source of employees for MACA member companies. The selected students receive a $2,000 scholarship to help defray their college costs plus attend the MACA annual meeting. So what has happened to the students?

There were 12 students in the 2013 class. Of those 12 students, eight are working in jobs in agriculture with three of them at MACA member companies and four are continuing their education. In the 2014 class, there are nine students working in agriculture and three continuing their education. The 2015 class has four students working in agriculture and six continuing their education. In summary, there were three classes with a total of 34 students, with 13 continuing their education or 38% while 21 are working in agriculture or 62% and six are working at a MACA member company or 18%. In addition, the 2016 class has 10 students pursuing their undergraduate degrees.

It is a start for new talent, but we need your help. The MACA Board of Directors wants to continue the program, because it helps students and is unique by bringing the students to the annual meeting to meet with MACA members, but costs money. Thus it needs your support. As explained at the meeting, AMVAC, Bayer, DuPont, Morris Bixby all committed a minimum of $500 prior to the meeting to help continue the program in 2017. At the meeting, Monsanto, Micro Matic, GROWMARK, Crop Production Services, Syngenta and Rosen's also committed to being a sponsor. However, if you or your company would like to be a sponsor, please contact me by December 1, 2016.

There's much that MACA has to do, but welcomes your input through one of the committees - Annual Meeting, Crop Production Issues, Distribution and Environment, Industry Communication and Regulatory & Environmental Issues. You'll benefit personally and professionally!

Again, thank you for your membership. I look forward to your contributions and participation to provide the benefits and services to meet the needs of the MACA membership. Please join us in continuing the drive for success!

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MACA ANNUAL MEETING
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AT CROWN CENTER
KANSAS CITY, MO

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