

Seven Lessons Learned From The Drought Of 2012



SARA WYANT
WASHINGTON, D.C.

Over the last few weeks, I've had the privilege of driving across much of the nation's mid-section, talking to growers and getting at least the "windshield" tour of fields from Colorado to Indiana, North Dakota to Arkansas. The extent of the drought varies in each state, and even within each state I've toured.

Here's a collection of my observations and discussions with key leaders about some of the lesson's learned from this year's drought.

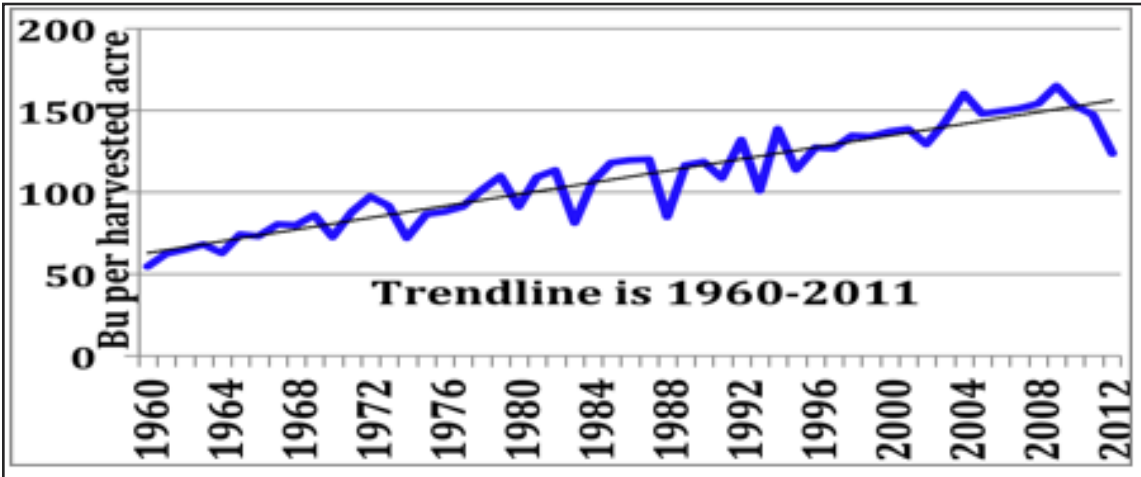
1. This year's drought was wider and deeper than expected. Despite the rains from Hurricane Isaac, most of the continental United States remains starved for moisture, with 63 percent of the lower 48 states still experiencing moderate to exceptional drought, according to the September 4 U.S. Drought Monitor. In 42 percent of those states, the drought conditions are considered "severe, extreme or exceptional." USDA Under Secretary for Farm and Foreign Agriculture Service Michael Scuse, who toured almost all of the drought-stricken states this summer, told Agri-Pulse that "the magnitude of this drought makes it different. And the length of it. Some of these areas started drying up over a year ago."

2. Agriculture gains national attention and offers "teachable moments." There's nothing like a natural disaster to draw reporters out of their cubicles and into the countryside to get a glimpse of how food is actually produced; or in 2012, to witness how little was produced. Even The New York Times took note that garden entries at state fairs were lacking in size and quantity this year. National drought headlines underscore the incredible risks that farmers

Livestock Indemnity Program (LIP), which compensated ranchers at a rate of 75 percent of market value for livestock mortality caused by a disaster; the Livestock Forage Disaster Program (LFP) for grazing losses due to drought or fire; and the Emergency Assistance for Livestock, Honeybees, and Farm-Raised Catfish (ELAP), which provided up to \$50 million annually to compensate producers for disaster losses not covered under other disaster programs. However, those programs have since expired. Attempts to continue them as part of a stand-alone disaster program passed the House in early August but seem destined to languish in the U.S. Senate.

5. Investments in new seed technology are paying off. With persistent drought conditions across most of the Corn Belt, growers and seed breeders had a good chance to watch which varieties worked with little or no moisture and which didn't. Although final yield data isn't available, most growers tell Agri-Pulse that newer seed varieties are holding up much better than many had expected. "Our crops weathered this drought much better than the seeds of 1988 would have – or for that matter – the seeds of 1998 or even 2008," notes Rick Tolman, CEO of the National Corn Growers Association. "We do not yet have bulletproof seed, but what we do have is seed that, because of superior germplasm, advanced plant breeding techniques and the wonders of biotechnology, is much better able to fend off environmental stress and fulfill a greater measure of its higher genetic potential."

And there's more advanced technology on the way. The first commercially available drought corn seed product, Syngenta's new Agrisure Artesian hybrid corn was introduced for trial in 2010, and because it is not a genetically modified trait, it did not require regulatory approval and will be widely available for planting in 2013.



and ranchers face day in and day out, and offer "teachable moments" about how on-farm production impacts food prices and availability. Let's face it: When Mother Nature puts her mind to it, there is no agricultural practice – sustainable or otherwise – that can stand in the way.

3. Risk management is working for farmers with crop insurance. Farmers have invested more than \$4 billion to purchase more than 1.1 million crop insurance policies this year. Growers with high levels of revenue-based crop insurance policies are well-positioned to withstand this year's drought. As a result, so are their bankers and input suppliers. "Crop insurance reduced the risk and provided more stability for the lending community," noted Jason Henderson, vice president, Federal Reserve Bank of Kansas City. "If we didn't have such a high participation . . . there would probably be a lot of producers struggling and bankers restructuring loans."

Noticeably missing this year is the hue and cry for ad hoc disaster assistance, which totaled over \$136 billion dating back to 1994, according to Sen. John Thune, R-S.D. "The one thing that crop insurance has done, is it's gotten us away from this practice of every single year having to rely on emergency ad hoc disaster payments. And so having a crop insurance program that, yes, is subsidized by the government, but yet the producer participates in it, that is effective and works, is going to be really important in the farm policy of the future."

4. The livestock industry needs better risk management tools. USDA's Risk Management Agency (RMA) has been offering a wider variety of risk management tools for the livestock industry, including a Livestock Risk Protection and Livestock Gross margin (LGM) programs. For some sectors, like the hog industry, LGM isn't widely accepted. However, for dairy, the LGM program, which is capped at \$20 million, is always oversubscribed. "There is a huge demand, but we just don't have the funding needed to make this program widely available to all of our dairy producers," Scuse explained. Adjusted gross Revenue Plans that protect against all-farm revenue loss could help diversified crop and livestock programs, but Scuse says "they require a great deal of record-keeping. So they are not programs that are easily understood or used. They are successful programs for those that use them." Fewer than 900 AGR and AGR-Lite policies were sold.

The 2008 farm bill included specific livestock disaster assistance programs, that protected producers from several losses, including the

In about 8,000 on-farm trials last year, DuPont Pioneer also saw higher yields from its Optimum Aquamax hybrids. Pioneer introduced eight of these hybrids in 2011, and added 17 more in 2012. About 250 growers field-tested Genuity DroughtGard hybrids this year, with more field trials and availability in 2013. Produced by Monsanto in cooperation with BASF, the DroughtGard Hybrids system combines germplasm selected for its drought-tolerant characteristics, the drought-tolerant biotechnology trait and agronomic recommendations. As a result of new investments in research and development, the amount of corn harvested per acre continues to grow - despite weather-related deviations in trend line yields.

(See corn yield harvested per acre chart below, courtesy of Tom Zacharias, NCIS.)

6. Dust Bowl it's not. Although some have compared this year's record drought to the 1930's Dust Bowl, black clouds have yet to swirl around the nation's capital. Record investments in conservation and modern farming practices enabled producers in many regions to conserve precious soil and water resources while maintaining at least some level of productivity. The number of producers using conservation tillage, minimum tillage and no-till practices has grown exponentially with the advent of biotech crops. Advancements in spray-drip technology provide more irrigation "bang for the buck" for those with access to water. And even though many yields will be lower, new equipment designs enable more of each crop to be harvested.

7. Market signals work in a global trading environment. High prices stimulate production around the world, bringing more producers and trading partners into the global marketplace. "The strong and growing demand for grains and oilseeds in the United States and elsewhere in the world, driven in great part by the growing biofuels industry, has sent a strong economic signal to farmers around the world to expand production," notes Tolman. "And they have. As a result, there are new exporters, such as Ukraine and India, and there has been a renaissance among some traditional grain exporters that had let production languish due to low world prices. Brazil, Argentina, South Africa, and others have picked up the slack and will fill in to replace what the United States is unable to export because of the impact of the drought." Δ

SARA WYANT: Editor of Agri-Pulse, a weekly e-newsletter covering farm and rural policy. To contact her, go to: <http://www.agri-pulse.com/>



Link Directly To: **PIONEER**