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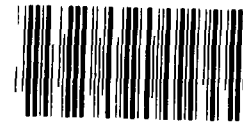
United States General Accounting Office 132691

Briefing Report to the  
Honorable Leon E. Panetta  
House of Representatives

March 1987

# FARM PROGRAMS

## Payments and Loans to Foreign Owners of U.S. Cropland



132591

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Resources, Community, and  
Economic Development Division

B-225236

March 19, 1987

The Honorable Leon E. Panetta  
House of Representatives

Dear Mr. Panetta:

In your November 12, 1985, letter and subsequent discussions with your office, you asked for information on the amount of farm program payments and loans that the U.S. Department of Agriculture (USDA) made to foreign individuals and entities who owned U.S. cropland. You requested this information for USDA's 1984 and 1985 farm programs (latest data available at the time of our study). In addition, you asked us to provide suggested legislative language that would prevent foreign individuals and entities from receiving USDA farm program payments and loans.

To obtain the requested information, we collected farm program payment and loan data for 401 counties across the country. The information that we collected for the 401 counties represents the farm program payments and loans made on about 90 percent of all foreign-owned cropland in the United States for all major crops--wheat, corn, grain sorghum, barley, oats, cotton, rice, and soybeans. As agreed with your office, we did not gather data on tobacco, sugar, peanuts, honey, wool, or mohair, or benefits under the dairy program. Section 1 of this briefing report provides details on our objectives, scope, and methodology.

In summary, the information that we collected for 1985 shows that:

- Total farm payments to foreign owners of U.S. cropland were \$7.73 million in the 401 counties. This represented about four-tenths of 1 percent of all payments made in the 401 counties that we studied. (See p. 18.)

- The median farm payment<sup>1</sup> for foreign owners was \$8,472. Foreign corporations received a median payment of \$12,862. (See p. 20.)
- Thirty-seven, or about 6 percent, of the 598 foreign owners who participated in the 1985 farm programs received farm payments of at least \$50,000. Twenty-one, or about 8 percent, of all the foreign corporations who participated received at least \$50,000 each. (See p. 24.)
- Foreign owners took out price-support loans of about \$12.3 million. (See p. 32.)

The information that we collected for 1984 is similar to the data that we collected for 1985 except for price-support loans. In 1984 foreign owners took out only \$3.6 million in price-support loans. Section 2 of this report provides detailed information on farm payments and loans made to foreign owners of U.S. cropland who participated in the 1985 farm programs. Section 3 provides similar detailed information for those foreign owners who participated in the 1984 farm programs.

Section 4 of the report provides the specific legislative language that you requested. In providing the draft legislation, however, we are not taking a position on the desirability of it. It should also be pointed out that the draft legislation does not affect foreign owners who cash rent their U.S. farms to other producers. Under cash rents, owners of U.S. farmland do not participate in various farm programs, but rather cash rent their farm acreage to producers and the producers who rent the land participate in the farm programs and receive the program benefits. Also, the draft legislation could adversely affect some U.S. producers who share rented farms that were foreign owned. Share renting is when U.S. producers share in the crop harvest and program benefits with the owner and no cash rent is paid. If the foreign owners are prevented from participating in the farm programs, the U.S. producers would either have to pay cash for renting the farms or would be prevented from receiving farm program benefits.

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<sup>1</sup>Payment distribution value that is in the middle with half the payments lower in value and the other half higher in value. It is a more appropriate indicator than average payments because several payments were significantly higher than the vast majority.


B-225236

Agricultural Stabilization and Conservation Service officials responsible for administering farm programs reviewed a draft copy of this report and provided us with comments. The officials said the report's contents are accurate and fairly represent the Service's current program activities. The officials did not comment on the draft legislative language.

As agreed with your office, unless you publicly announce its contents earlier, we plan no further distribution of this briefing report until 30 days from the date of this letter. At that time we will send copies to the Secretary of Agriculture; the Administrator, Agricultural Stabilization and Conservation Service; the Director, Office of Management and Budget; and other interested parties. Copies will be made available to others on request. If you have further questions regarding the information contained in this report, please contact me at (202) 275-5138.

Major contributors to this report are listed in appendix II.

Sincerely yours,

  
Brian P. Crowley  
Senior Associate Director



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#### ABBREVIATIONS

ARP	Acreage Reduction Program
ASCS	Agricultural Stabilization and Conservation Service
ERS	Economic Research Service
GAO	General Accounting Office
PIK	Payment-In-Kind
PLD	Paid Land Diversion Program
RCED	Resources, Community, and Economic Development Division (GAO)
USDA	U.S. Department of Agriculture

SECTION 1

INTRODUCTION

SUMMARY

- FARM PROGRAM COSTS ARE ESTIMATED TO REACH \$72 BILLION FOR THE 3-YEAR PERIOD ENDING IN 1988 WITH A LARGE PART OF THESE COSTS EXPECTED TO BE INCURRED FOR PAYMENTS AND LOANS TO PRODUCERS FOR TAKING CROPLAND OUT OF PRODUCTION. SOME OF THE PRODUCERS RECEIVING THESE PAYMENTS AND LOANS ARE FOREIGNERS. (See p. 9.)
  
- OUR OBJECTIVES WERE TO DETERMINE THE EXTENT TO WHICH FOREIGNERS ARE RECEIVING FARM PROGRAM PAYMENTS AND LOANS AND DRAFT LEGISLATION TO PREVENT THIS FROM OCCURRING IN THE FUTURE. (See p. 11.)
  
- TO ACCOMPLISH OUR OBJECTIVES, WE (1) IDENTIFIED FOREIGNERS WHO OWNED CROPLAND IN THE UNITED STATES AND RECEIVED FARM PROGRAM PAYMENTS AND LOANS AND (2) ANALYZED PREVIOUSLY PROPOSED LEGISLATION DESIGNED TO PREVENT FOREIGNERS FROM RECEIVING FARM PAYMENTS AND LOANS. (See pp. 11 to 15.)

## INTRODUCTION

In January 1986 the U.S. Department of Agriculture (USDA) estimated that under the Food Security Act of ~~1985~~ (Public Law 99-198, Dec. 23, 1985), total farm program payments for the first 3 years of the act (1986 through 1988) would cost about \$54 billion. In January 1987 USDA estimated that these costs would be about \$72 billion for the same 3-year period. A large part of these costs are expected to be in farm program payments and loans made to producers for taking cropland<sup>2</sup> out of production. The high cost of farm program payments estimated under the 1985 act has focused attention on the nation's farm policies. Within this context, USDA's farm program payments and loans have come under particularly close scrutiny by the Congress.

Because of the Congress' concern, various congressional sources have requested us to undertake a number of reviews covering a wide variety of issues. One such review resulted in a 1985 report in which we reported that foreign individuals were receiving farm program payments from USDA.<sup>3</sup>

As a result of our report and concern over the large amount of farm program payments anticipated under the 1985 act, Congressman Leon E. Panetta requested that we review the extent to which farm payments and loans have gone to foreign owners of U.S. cropland. Congressman Panetta expressed the view that these types of payments were designed to assist U.S. producers rather than to subsidize foreign investors.

### USDA PRODUCTION ADJUSTMENT AND PRICE-SUPPORT PROGRAMS

USDA uses production adjustment programs to (1) stabilize farm commodity supplies and (2) stabilize and enhance farm prices and incomes by inducing farm producers to remove cropland from production. USDA generally requires producers to take land out of production as a prerequisite for receiving income and price-support benefits.

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<sup>2</sup>Land that is currently being tilled for the production of a crop for harvest, land that has been tilled and is currently devoted to legumes or grasses that were established by a producer, land that is currently not tilled but had been tilled in the prior year and is suitable for crop production, and land that is tilled and is currently devoted to orchards and vineyards.

<sup>3</sup>Examples of USDA's Application of the \$50,000 Payment Limitation (GAO/RCED-86-29FS, Oct. 18, 1985).

Since 1982 USDA has used two types of production adjustment programs: (1) acreage reduction programs (ARP) and (2) paid land diversion (PLD) programs. Under ARP programs, producers take a certain percentage of their acreage out of production to be eligible for such program benefits as deficiency payments and price-support loans. Deficiency payments are cash payments or, in certain cases, in-kind payments<sup>4</sup> made by USDA directly to producers to supplement their incomes when a commodity's market price is lower than a set or target price established by law. Price-support loans are made to producers by USDA for commodities at established loan rates. In return for the loans, these producers agree to store the selected commodities, thereby keeping the commodities off the market during periods of excess supply to help keep the commodities' prices from falling. The producers can either pay back the loans or forfeit the commodities to the government in full payment of the loans when they become due. If the producers choose not to repay the loans, the government takes possession of the commodities, which then become part of USDA's commodity inventory. Producers of certain commodities may also receive price-support payments if the world prices for these commodities are below the established loan rates.

Under PLD programs, producers remove a certain percentage of their acreage from production in return for cash payments and, in certain cases, in-kind commodity payments to replace the income that would otherwise have been earned from commodities grown on that acreage. PLD programs may be used in addition to rather than instead of ARP programs.

The Agriculture and Food Act of 1981 (Public Law 97-98, Dec. 22, 1981) authorized ARP and PLD programs for the 1982-85 crops of wheat, feed grains (corn, grain sorghum, barley, and oats), cotton, and rice (program crops). The Food Security Act of 1985 continued to authorize ARP and PLD programs for these same crops for the 1986-90 crop period.

In authorizing the ARP and PLD programs for the 1982-85 crops, the 1981 act also set a maximum payment limitation of \$50,000 per year that a producer could receive if the producer joined one or more of the programs that were in effect for any one crop year. The maximum \$50,000 payment limitation was continued in the 1985 act. However, under both the 1981 and 1985 acts, if the Secretary of Agriculture uses his discretionary authority to lower the loan rates for certain commodities below the rates established by the acts for a given year, any increased payments attributable to the

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<sup>4</sup>Payments made to producers in the form of commodities, rather than cash, for participating in production adjustment programs. These have been referred to as Payments-In-Kind (PIK).

lowered rates would not be subject to the \$50,000 payment limitation.

## ADMINISTRATION OF PRODUCTION ADJUSTMENT AND PRICE-SUPPORT PROGRAMS

USDA administers production adjustment and price-support programs through its Agricultural Stabilization and Conservation Service (ASCS). ASCS has a headquarters office in Washington, D.C.; an office in Kansas City, Missouri, that handles management activities and commodity operations; 50 state offices; and an office in the Commonwealth of Puerto Rico. As of December 1985 (latest data available), 2,814 ASCS county offices administered production adjustment and price-support programs in 3,054 counties. Each state and county office has a committee that directs the office's activities. The county committees make local program decisions and policies and appoint a county executive director who directs the county office staff in handling the day-to-day administrative work.

### OBJECTIVES, SCOPE, AND METHODOLOGY

#### Objectives

In response to Congressman Panetta's request and subsequent agreements with his office, our objectives were to (1) determine the extent of production adjustment program payments and price-support program payments and loans made to foreign owners of U.S. cropland for crop years 1984 and 1985 and (2) draft legislation that would prevent foreigners who own U.S. cropland from receiving production adjustment program payments and price-support loans in the future. Our study was made between January and December 1986.

#### Scope and methodology for objective #1

USDA headquarters does not maintain separate data on payments and price-support loans made to foreign owners of U.S. cropland. These data are available only at the ASCS county office level where production adjustment payments and price-support loans are made. To determine the extent of production adjustment program payments and price-support loans made to foreign owners of U.S. cropland, we first identified counties where foreigners owned U.S. cropland.

We identified the counties that had foreign ownership of U.S. cropland from a study prepared by USDA's Economic Research Service (ERS) entitled Foreign Ownership of U.S. Agricultural Land. That study, which is mandated by the Agricultural Foreign Investment Disclosure Act of 1978, is prepared annually. We used the study that was prepared in April 1985 (latest study available at the time of our review), which covers foreign ownership of U.S. agricultural land through October 8, 1984.

The 1978 act requires each foreign owner of U.S. agricultural land to report the owner's agricultural land holdings. The ERS study is based on those reports.<sup>5</sup> According to the 1978 act and implementing regulations, foreign owners must report all of their U.S. agricultural land held as of February 1, 1979, and must report any land acquisitions and dispositions subsequent to that date. These reports are to be sent to the ASCS office in the county where the land holdings are located. In filling out these reports, the foreign owners are to specify what type and how much agricultural land they own, such as the number of acres of cropland, pastureland, forest or timberland, or other agricultural land.

On the basis of these reports, ERS compiles various data on foreign ownership of U.S. agricultural land and prepares its annual report. Part of the data compiled by ERS is the number of cropland acres owned by foreigners in each ASCS county. On the basis of that data, we determined that, as of October 8, 1984, foreigners owned about 1,964,000 acres, or about four-tenths of 1 percent, of the 470,000,000 acres of cropland in the United States.

In determining which county offices to gather detailed payment and loan information on, we selected counties that had the highest amount of cropland acres owned by foreigners and continued this process until, in total, the counties selected represented 90 percent of the foreign-owned cropland in the United States. As a result of this process, we selected 401 counties. About 1,768,000 acres, or 90 percent, of the foreign-owned cropland were located in these counties.

To assure that the type of data received from the ASCS county offices was consistent, we mailed questionnaires to the county offices covering the 401 counties asking each to provide us with specific data on each foreign owner who received deficiency and/or diversion payments or loans for joining either the 1984 or 1985 production adjustment programs.<sup>6</sup> We chose crop years 1984 and 1985 because they were the latest crop years (calendar year in which the crop is harvested) for which data were available at the time of our review.

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<sup>5</sup>Agricultural Foreign Investment Disclosure Act Reports--ASCS Form 153.

<sup>6</sup>In addition to gathering loan data on wheat, corn, grain sorghum, barley, oats, cotton, and rice, we also gathered loan data on soybeans. Although soybeans is not a production adjustment program crop and therefore producers of soybeans do not receive deficiency and diversion payments, soybean producers can take out price-support loans just as producers of the other crops mentioned above. Therefore, we included soybean price-support loans in our loan data.

In determining who is considered a foreign owner, we asked each county office to apply the same definition as that used in the Agricultural Foreign Investment Disclosure Act of 1978. According to the 1978 act, foreign persons can be individuals; entities, such as partnerships, corporations, estates, trusts, or associations; or governments. Individuals are considered foreign if they are not (1) U.S. citizens or nationals, (2) citizens of the Northern Mariana Islands or the Trust Territory of the Pacific Islands, or (3) lawfully admitted into the United States for permanent residence. However, individuals holding an Immigration and Naturalization Service Form I-151 or I-551 (green card) are considered lawfully admitted for permanent residence and are not considered foreign.

An entity is considered foreign if the entity (1) was created under the laws of or has its principal place of business in a foreign country or (2) has a significant foreign interest or substantial foreign control. According to USDA regulations, a significant foreign interest or substantial foreign control in an entity would result when (a) 10 percent or more of the entity is held by a foreign person (individual, entity, or government), (b) 10 percent or more of the entity is held by a group of foreign persons acting in concert, or (c) 50 percent or more of the entity is held by more than one foreign person regardless of whether or not they may be acting in concert.<sup>7</sup> For example, if 10 percent or more of a U.S. corporation's stock were owned by a foreigner or 10 percent or more of a corporation were owned by a foreign corporation, then the U.S. corporation would be considered as a foreign entity.

By using the same definition of foreign as was used in the 1978 act, each county office could identify the foreign owners of U.S. agricultural land in their counties by reviewing the Agricultural Foreign Investment Disclosure Act reports. The county offices could then review their files to determine whether any of the owners joined the 1984 and 1985 programs.

We mailed each of the county offices covering the 401 counties two types of questionnaires. One type dealt with gathering general data on the number of farms owned by foreigners that had cropland acres in the various program crops, such as wheat, corn, grain sorghum, barley, oats, cotton, and rice, and, of those farms, how many were enrolled in the 1984 and 1985 production adjustment programs. In responding to this questionnaire, each county office was requested to summarize the data for the county.

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<sup>7</sup>According to USDA regulations prior to October 9, 1984, a significant foreign interest or substantial foreign control in an entity existed when 5 percent or more of the entity was held by a foreign person or foreign persons.

The second questionnaire dealt with gathering specific data on each foreign owner who joined the 1984 and 1985 production adjustment programs and specific data for each farm the foreign owner enrolled in these programs. For this second questionnaire, we requested the county offices to fill out a separate questionnaire for each farm the foreign owner enrolled in the 1984 or 1985 production adjustment programs. Some of the specific data requested for this questionnaire included

- name, farm number, and country of foreign owner;
- type of foreign owner, such as individual, partnership, corporation, trust, or other;
- deficiency and diversion payments, by year and type of crop, paid to the foreign owner;
- base acres<sup>8</sup> of crops enrolled in program and actual acres planted for each enrolled crop; and
- quantity and dollar value of commodities put under loan, by year and crop, and status of the loan.

We followed up with a number of the county office officials to clarify their responses to our questionnaires. We relied on the county offices to provide us with the data that we needed and saw no need to independently verify the accuracy of the data.

The two types of questionnaires used are included in appendix I.

#### Data limitations

As stated earlier, the methodology used to select the counties in our review was based on foreign-owned cropland acreage data, by county, as reported by ERS in its April 1985 report. Since the term cropland acres includes acreage for many different types of crops other than program crops, some of the counties selected that had a large number of foreign-owned cropland acres had no production adjustment program payments or price-support loans because the foreign-owned cropland in these counties was not planted to program crops. Conversely, some counties that were not selected because they had a relatively small number of foreign-owned cropland acres may have had higher production adjustment program payments and loans because most of the foreign-owned cropland in these counties could have been planted to program crops. Overall, however, we believe the data presented in this

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<sup>8</sup>The base acres for a particular commodity and for a particular farm are those acres USDA recognizes for program payment purposes.



report represent about 90 percent of all payments and loans made to foreign owners of U.S. cropland in crop years 1984 and 1985.

Also, as was previously mentioned, USDA revised its regulations in October 1984. In essence, the new regulations resulted in fewer entities falling within the definition of "foreign owned." However, after this revision was made, the ASCS county offices did not delete from their records the entities that may have been affected. As a result, our data may include some entities that, based on the new regulations, should not be considered as foreign owners of U.S. cropland.

Further, the production adjustment program payment and price-support loan data presented in this report contains data only with respect to foreign owners who participated in production adjustment programs. Some foreign individuals and entities that operate farms within the United States do not own the land but rent from U.S. owners. As such, these foreigners may be eligible for production adjustment payments and loans. Since foreign operators of domestically owned farms do not have to disclose this information because they are not owners, it would be very difficult and time consuming to obtain payment and loan data on these foreign individuals or entities. As a result, we did not develop such information for inclusion in this report. In addition, as agreed with the requester's office, we did not include price-support data on tobacco, sugar, peanuts, honey, wool, or mohair, and benefits under the dairy program.

Finally, our review was based on foreign owners' participation in the 1984 and 1985 crop programs because data for these years were the latest available at the time of our review. Because of projected low commodity prices for 1986 resulting in larger producer deficiency payments as well as other producer incentives provided by the Food Security Act of 1985, overall program participation for crop year 1986 is estimated by USDA to be higher than in 1984 or 1985. Because of the estimated higher participation and larger deficiency payments, there is a high probability that foreign-owned participation in the 1986 program was also higher than in previous years resulting in higher overall program payments and loans.

#### Scope and methodology for objective #2

Congressman Panetta requested that we draft legislation that would prevent foreigners from receiving production adjustment payments and price-support payments and loans in the future. In drafting the legislative language, we performed research to determine if bills with similar objectives had been recently introduced and determined the status of the bills.



SECTION 2

PRODUCTION ADJUSTMENT PAYMENTS AND  
PRICE-SUPPORT LOANS TO FOREIGN OWNERS  
OF U.S. CROPLAND FOR CROP YEAR 1985

SUMMARY

OUR ANALYSIS SHOWS THAT:

- THE TOTAL PAYMENTS TO FOREIGN OWNERS OF U.S. CROPLAND WERE \$7.73 MILLION IN THE 401 COUNTIES REVIEWED. THIS REPRESENTS ABOUT FOUR-TENTHS OF 1 PERCENT OF ALL PAYMENTS MADE IN THESE COUNTIES. (See p. 18.)
  
- THE MEDIAN PAYMENT TO FOREIGN INDIVIDUALS AND ENTITIES WAS \$8,472. FOREIGN CORPORATIONS RECEIVED A MEDIAN PAYMENT OF \$12,862. (See p. 20.)
  
- THIRTY-SEVEN, OR ABOUT 6 PERCENT, OF THE 598 FOREIGN OWNERS WHO PARTICIPATED IN THE 1985 FARM PROGRAMS RECEIVED FARM PAYMENTS OF AT LEAST \$50,000 EACH. TWENTY-ONE, OR ABOUT 8 PERCENT, OF ALL FOREIGN CORPORATIONS WHO PARTICIPATED RECEIVED AT LEAST \$50,000 EACH. (See p. 24.)
  
- FOREIGN OWNERS TOOK OUT PRICE-SUPPORT LOANS OF ABOUT \$12.3 MILLION. (See p. 32.)

Table 2.1

Deficiency and Diversion Payments to Foreign Owners of  
U.S. Cropland, By Crop, for Crop Year 1985

<u>Type of crop</u>	<u>Deficiency payments</u>	<u>Diversion payments</u>	<u>Total payments</u>	<u>Percent of total payments</u>
----- (in thousands) -----				
Wheat	\$1,571	\$ 835	\$2,406	31.1
Feed grains <sup>a</sup>	1,637	b	1,637	21.2
Cotton	1,210	431	1,641	21.2
Rice	<u>1,565</u>	<u>484</u>	<u>2,049</u>	<u>26.5</u>
Total	<u>\$5,983</u>	<u>\$1,750</u>	<u>\$7,733</u>	<u>100.0</u>

<sup>a</sup>Includes corn, grain sorghum, barley, and oats.

<sup>b</sup>No diversion program was in effect for feed grains during crop year 1985.

Table 2.2

Deficiency and Diversion Payments to Foreign Owners of  
U.S. Cropland Compared with Overall Deficiency and  
Diversion Payments for Crop Year 1985

<u>Type of payment</u>	<u>Payments to foreigners</u>	<u>Overall payments<sup>a</sup></u>	<u>Percent of payments to foreigners</u>
----- (in thousands) -----			
Deficiency	\$5,983	\$1,443,800	0.4
Diversion	<u>1,750</u>	<u>293,212</u>	0.6
Total	<u>\$7,733</u>	<u>\$1,737,012</u>	0.4

<sup>a</sup>Represents deficiency and diversion payments to all producers in the 401 counties included in our review.

CROP YEAR 1985 PRODUCTION ADJUSTMENT  
PAYMENTS TO FOREIGN OWNERS OF U.S. CROPLAND

Deficiency and diversion payments to foreign owners who participated in the 1985 production adjustment programs in the 401 counties covered in our study totaled about \$7.73 million as shown by table 2.1. Of this amount, about \$5.98 million, or 77 percent, was deficiency payments and about \$1.75 million, or 23 percent, was diversion payments. Of the total payments, about \$2.41 million, or 31 percent, was paid to foreign owners who participated in the 1985 wheat program. Other crop year 1985 payments, by crop, included about \$2.05 million, or 27 percent, for rice; and about \$1.64 million, or 21 percent, each for cotton and feed grains.

PAYMENTS TO FOREIGN OWNERS WERE SMALL  
WHEN COMPARED WITH OVERALL PAYMENTS

Total deficiency and diversion payments to foreign owners of U.S. cropland represented only four-tenths of 1 percent of the total deficiency and diversion payments made in the 401 counties studied for crop year 1985 as shown by table 2.2. Total deficiency and diversion payments made in the 401 counties studied totaled about \$1.74 billion, and only \$7.73 million was paid to foreign owners. The percentage of payments to foreign owners is comparable to the percentage of U.S. cropland owned by foreigners. As of October 8, 1984, foreigners owned about 1.96 million acres of U.S. cropland. This represented about four-tenths of 1 percent of the 470.0 million acres of U.S. cropland.

Table 2.3

Deficiency and Diversion Payment Data, By Type of  
Foreign Owners, for Crop Year 1985

<u>Type of foreign owner</u>	<u>Number of foreign owners</u>	<u>Percent of foreign owners</u>	<u>Total payment</u>	<u>Percent of total payment</u>	<u>Median payment<sup>a</sup></u>
(in thousands)					
Individual	146	24.4	\$1,305	16.9	\$ 4,043
Partnership <sup>b</sup>	161	26.9	1,335	17.3	4,830
Corporation	269	45.0	4,805	62.1	12,862
Trust	14	2.3	150	1.9	7,359
Other	<u>8</u>	<u>1.3</u>	<u>138</u>	<u>1.8</u>	8,419
Total	598	100.0 <sup>c</sup>	\$7,733	100.0	\$ 8,472

<sup>a</sup>Represents payment distribution value that is in the middle with half the payments lower in value and the other half higher in value. It is a more appropriate indicator than average payments because several payments were significantly higher than the vast majority.

<sup>b</sup>For payment purposes, each partner receives a payment for the partner's share of the partnership. If a partnership included three partners, each partner would receive payments. In this study, we identified 161 partners that received payments in 50 partnerships for crop year 1985.

<sup>c</sup>Does not add due to rounding.

PRODUCTION ADJUSTMENT PROGRAM PAYMENTS  
BY TYPE OF FOREIGN OWNER

The median payment for the 598 foreign owners who received deficiency and diversion payments for participating in the 1985 crop programs in the 401 counties we studied was \$8,472. The highest number of foreign owners were corporations, which received the majority of the payments and had the highest median payment. Of the 598 foreign owners, 269, or 45 percent, were corporations. These 269 corporations received, in total, about \$4.8 million, or 62 percent, of the total payments. The median payment was \$12,862. In contrast, the 146 foreign owners, or about 24 percent, who were individuals received total payments of about \$1.3 million, or about 17 percent, of the total payments. The median payment was \$4,043, which was the lowest median payment among the various types of foreign owners.

The number of foreign owners who were foreign partners of partnerships and their total payments and median payment were comparable to that for individuals. There were 161 foreign partners, or 27 percent of all foreign owners, who received deficiency and diversion payments and, in total, these partners received about \$1.3 million, or 17 percent, of the total payments. The median payment was \$4,830. The remaining foreign owners who participated in the 1985 production adjustment programs and received payments were foreign trusts and others, such as foreign limited partnerships or estates.

Table 2.4

Distribution, By Size of Payment,<sup>a</sup> to Foreign Owners of  
U.S. Crop and for Crop Year 1985

<u>Size of payment</u>	<u>Number of foreign owners<sup>b</sup></u>	<u>Percent of foreign owners</u>	<u>Total payments<sup>a</sup></u>	<u>Percent of total payments</u>
(in thousands)				
0 - \$4,999	248	41.5	\$ 411	5.3
\$5,000 - \$9,999	111	18.6	790	10.2
\$10,000 - \$24,999	140	23.4	2,319	30.0
\$25,000 - \$49,999	62	10.4	2,268	29.3
\$50,000 and higher <sup>c</sup>	<u>37</u>	<u>6.2</u>	<u>1,945</u>	<u>25.1</u>
Total	598	100.0 <sup>d</sup>	\$7,733	100.0 <sup>d</sup>

<sup>a</sup>Includes deficiency and diversion payments.

<sup>b</sup>Includes each foreign partner who received payments from the partnership. However, because we did not have exact payments made to each foreign partner, we divided the foreign partnership's total payments equally among the foreign partners. In some cases, partners may not have shared in the partnership equally and may not have received equal payments.

<sup>c</sup>A portion of the deficiency payments made to producers who enrolled in the 1985 wheat ARP program was not subject to the \$50,000 per person payment limitation. (See p. 25.) As a result, some producers received total payments that were in excess of \$50,000.

<sup>d</sup>Does not add due to rounding.



DISTRIBUTION OF DEFICIENCY AND DIVERSION PAYMENTS  
TO FOREIGN OWNERS BY SPECIFIC PAYMENT CATEGORIES

Table 2.4 presents the size of the deficiency and diversion payments received by the foreign owners who participated in the 1985 crop programs, which ranged from a low of \$55 to a high of \$71,680. The highest percentage of foreign owners, about 42 percent, received less than \$5,000 each. These 248 foreign owners, in total, received about \$411,000, or about 5 percent, of the total deficiency and diversion payments made to foreign owners. On the other hand, 37, or 6 percent, of the foreign owners received at least \$50,000 each, which accounted for about \$1.9 million, or about 25 percent of the total payments made to foreign owners. For the remaining payment categories, 111 foreign owners, or about 19 percent, received between \$5,000 and \$9,999 each; 140, or about 23 percent, received between \$10,000 and \$24,999 each; and 62, or about 10 percent, received between \$25,000 and \$49,999 each.

Table 2.5

Foreign Owners of U.S. Cropland That Received Deficiency and  
Diversion Payments of at Least \$50,000 for Crop Year 1985

<u>Number</u>	<u>Type of foreign owner</u>	<u>County/state<sup>a</sup></u>	<u>Type of crop(s)</u>	<u>Total payments</u>
1	Corporation	Sherman/Oregon	wheat	\$71,680
2	Corporation	Walton/Florida	wheat	69,701
3	Individual	Kit Carson/Colorado	wheat	65,357
4	Corporation	Merced/California	wheat/cotton	58,347
5	Corporation	Sumter/Georgia	wheat	56,729
6	Corporation	Dallam/Texas	wheat/feed grains	56,383
7	Corporation	Seminole/Georgia	wheat/feed grains	54,772
8	Individual	Kit Carson/Colorado	wheat	54,447
9	Corporation	Tate/Mississippi	wheat/cotton	51,782
10	Corporation	Jefferson/Arkansas	wheat/cotton/rice	51,648
11	Partner	Fergus/Montana	wheat/feed grains	\$1,514
12	Other	Wayne/Illinois	wheat/feed grains	51,279
13	Individual	Washington/Colorado	wheat/feed grains	50,554
14	Individual	Washington/Colorado	wheat/feed grains	50,554
15	Partner <sup>b</sup>	Kern/California	cotton	50,000
16	Partner <sup>b</sup>	Kern/California	cotton	50,000
17	Partner <sup>b</sup>	Kern/California	cotton	50,000
18	Partner <sup>c</sup>	Kern/California	cotton	50,000
19	Partner <sup>c</sup>	Kern/California	cotton	50,000
20	Partner	Sutter/California	rice	50,000
21	Corporation	Yolo/California	wheat/rice	50,000 <sup>d</sup>
22	Corporation	Yuba/California	rice	50,000
23	Individual	Cameron/Texas	cotton	50,000
24	Corporation	Issaquena/Mississippi	rice	50,000
25	Corporation	Culberson/Texas	cotton	50,000
26	Corporation	Culberson/Texas	wheat/cotton	50,000 <sup>d</sup>
27	Corporation	Palm Beach/Florida	rice	50,000
28	Corporation	Lavaca/Texas	rice	50,000
29	Corporation	Fulton/Illinois	feed grains	50,000
30	Corporation	Fresno/California	cotton	50,000
31	Individual	Zavala/Texas	cotton/feed grains	50,000
32	Corporation	St. Francis/Arkansas	rice	50,000
33	Trust <sup>c</sup>	Robertson/Texas	cotton	50,000
34	Corporation	Stoddard/Missouri	feed grains	50,000
35	Other	Wayne/Illinois	feed grains	50,000
36	Corporation	Chicot/Arkansas	rice	50,000
37	Corporation	Tallahatchie/Mississippi	cotton/rice	50,000

<sup>a</sup>The county and state where the foreign owner's farm is located. In some cases, the foreign owner may have had more than one farm enrolled in the 1985 programs, and the farms were located in different counties. In these cases, the county location where the highest payments were received is shown.

<sup>b</sup>The foreign owners that are numbered 15, 16, and 17 are partners in the same partnership.

<sup>c</sup>The foreign owners that are numbered 18 and 19 are partners in the same partnership.

<sup>d</sup>These foreign owners did not plant any wheat and, therefore, did not receive any 1985 wheat deficiency payments. This is the reason the foreign owners did not receive total payments in excess of \$50,000.

FOREIGN OWNERS THAT RECEIVED  
AT LEAST \$50,000 IN PAYMENTS

Of the 37 foreign owners that received at least \$50,000 in 1985 deficiency and diversion payments, 21 were foreign corporations; 7 were foreign partners of partnerships; 6 were individuals; and of the remaining 3, 2 were limited partnerships (classified as other) and 1 was a trust. The largest single payment was for \$71,680 and was paid to a foreign corporation for participating in the wheat program in Sherman County, Oregon.

For the 1985 crop year, producers who participated in the wheat program could have received more than \$50,000 in total payments because part of the 1985 deficiency payment was not subject to the \$50,000 per person payment limitation. According to the Agriculture and Food Act of 1981, if the Secretary of Agriculture used his discretionary authority to lower the loan rates for wheat or feed grains below the rates in effect for the 1982-85 crop programs, any increased payments attributable to the lowered amount would not be subject to the \$50,000 payment limitation. For wheat, the loan rate in effect at the time the law was passed was \$3.55 per bushel. In 1984 the Secretary lowered the loan rate to \$3.30 per bushel. According to ASCS commodity analysts, the 1985 wheat deficiency payment came to \$1.08 per bushel, but 25 cents per bushel (\$3.55 less \$3.30) was not subject to the \$50,000 limitation. This is the reason that the top 14 foreign owners shown in table 2.5 received more than \$50,000 each in total payments. The Secretary did not lower the loan rates for feed grains and, therefore, total deficiency and diversion payments for the feed grain crops were limited to \$50,000 per person.

Table 2.6

Deficiency and Diversion Payments, By Country of  
Foreign Owner, for Crop Year 1985

<u>Country of foreign owner<sup>a</sup></u>	<u>Total payments</u>	<u>Percent of total payments</u>
(in thousands)		
Netherlands Antilles <sup>b</sup>	\$2,086	27.0
West Germany	1,852	23.9
Switzerland	777	10.1
Canada	694	9.0
Belgium	351	4.5
Mexico	262	3.4
Pakistan	240	3.1
England	220	2.8
Liechtenstein	198	2.6
Netherlands	191	2.5
Italy	134	1.7
Venezuela	99	1.3
Other <sup>c</sup>	<u>628</u>	<u>8.1</u>
Total	<u>\$7,733<sup>d</sup></u>	<u>100.0</u>

<sup>a</sup>Country where individuals show their permanent residence or where entities, such as corporations, partnerships, or trusts (1) were legally created, (2) have their principal place of business, or (3) have significant interest or control.

<sup>b</sup>A group of islands located in the West Indies that are a possession of the Netherlands.

<sup>c</sup>Includes 24 countries where the payments for each country were less than 1 percent of the total payments.

<sup>d</sup>Does not add due to rounding.

DEFICIENCY AND DIVERSION PAYMENTS  
BY COUNTRY OF FOREIGN OWNER

Over half (51 percent) of the deficiency and diversion payments to foreigners in crop year 1985 were paid to foreigners who resided in, were incorporated in, had their principal place of business in, or had significant foreign interests in the Netherlands Antilles or West Germany.

Foreigners from the Netherlands Antilles received about \$2.1 million, or about 27 percent, of the \$7.7 million in deficiency and diversion payments to foreigners in crop year 1985. According to a USDA official, the main reason for the high percentage of payments to foreigners of the Netherlands Antilles is because a large number of the foreign corporations that received payments were incorporated in Curacao, an island of the Netherlands Antilles, which has favorable tax laws for businesses that incorporate there. The stockholders of these corporations, who would benefit the most from these payments, are likely to reside anywhere in the world, including the United States.

Foreigners from West Germany received the second highest amount, about \$1.9 million, or about 24 percent, of the \$7.7 million in deficiency and diversion payments to foreigners in crop year 1985. The foreign recipients of West Germany included individuals residing in West Germany as well as corporations and partners that were incorporated, had their principal place of business, or had significant foreign interests in West Germany.

Foreign individuals and entities from Switzerland and Canada also received a significant amount of the payments. Individuals and entities from Switzerland received about \$777,000, or 10 percent, of the payments; and individuals and entities from Canada received about \$694,000, or 9 percent, of the payments.

Table 2.7

Deficiency and Diversion Payments to Foreign Owners,  
By State, for Crop Year 1985

<u>State</u>	<u>Counties studied<sup>a</sup></u>	<u>Number of foreign owners receiving payments</u>	<u>Total payments</u> (in thousands)
California	31	88	\$1,466
Texas	52	83	1,083
Georgia	21	32	733
Arkansas	20	49	717
Mississippi	24	52	704
Colorado	18	62	551
Illinois	31	38	415
Louisiana	16	22	272
Montana	16	20	266
Arizona	3	6	234
Florida	15	3	144
Iowa	8	10	128
Missouri	12	25	127
Wisconsin	4	6	124
Oregon	5	5	104
Virginia	7	13	103
Maryland	7	22	92
South Carolina	8	4	91
Ohio	7	10	76
Tennessee	4	7	73
Indiana	11	6	71
Kansas	10	12	57
Minnesota	5	6	37
Nebraska	5	5	32
Michigan	3	1	10
Kentucky	2	3	8
South Dakota	9	2	4
North Dakota	6	6	3
New Mexico	3	1	3
Washington	7	1	3
Other <sup>b</sup>	<u>31</u>	<u>0</u>	<u>0</u>
Total	401	600 <sup>c</sup>	\$7,733 <sup>d</sup>

<sup>a</sup>Represents the number of counties in each state that we sent questionnaires to requesting deficiency and diversion payments to foreign owners of U.S. cropland.

<sup>b</sup>For 13 states studied--covering 31 counties--no foreign owners participated in the 1985 crop programs.

<sup>c</sup>Does not total 598 because two foreign owners received payments in two different states.

<sup>d</sup>Does not add due to rounding.

DEFICIENCY AND DIVERSION PAYMENTS  
TO FOREIGN OWNERS, BY STATE

For the 401 counties studied, ASCS county offices in California and Texas made the most deficiency and diversion payments to foreign owners of U.S. cropland for crop year 1985. Together, county offices in these two states made about \$2.5 million in payments to 171 foreign owners or about 33 percent of the total payments to about 29 percent of the foreign owners. County offices in Georgia, Arkansas, Mississippi, Colorado, and Illinois had the next largest payments to foreign owners of U.S. cropland in crop year 1985. Collectively, county offices from the top seven states made about \$5.7 million in payments to 404 foreign owners or about 74 percent of the total payments to about 67 percent of the foreign owners.

County offices in 23 other states also made payments to foreign owners. Payments in these 23 states totaled about \$2.0 million, or 26 percent, of the total payments made. For 31 counties in 13 states covered by our study, the ASCS county offices made no payments to foreign owners in crop year 1985.

Table 2.8

Acreage Required to Be Taken Out of Production  
By Foreign Owners, By Crop, for Crop Year 1985

<u>Program/crop</u>	<u>Base acres<sup>a</sup></u>	<u>Percent of reduction</u>	<u>Base acres required to be taken out of production</u>
ARP wheat	90,451	20	18,090
ARP feed grains	54,746	10	5,475
ARP cotton	21,792	20	4,358
ARP rice	19,648	20	<u>3,930</u>
Total			<u>31,853</u>
PLD wheat	92,404	10	9,240
PLD cotton	21,838	10	2,184
PLD rice	20,182	15	<u>3,027</u>
Total <sup>b</sup>			<u>14,451</u>
Total <sup>c</sup>			<u><u>46,304</u></u>

<sup>a</sup>Calculated only on the foreign owner's share. In many cases, a foreign owner has a U.S. citizen or entity who operates the farm and shares in the crop and payments. For example, a foreign-owned wheat farm participates in the ARP or PLD program. The farm has 100 acres of wheat. Both the foreign owner and U.S. operator share in the crop and payments on a 50/50 basis. As a result, we calculated the foreign owner's share of the wheat base acres as 50 (100÷2=50 base acres).

<sup>b</sup>No PLD program for feed grains for crop year 1985.

<sup>c</sup>Base acres shown in the first column are not totaled because, in many cases, the same base acres used under the ARP program are also used under the PLD program in determining base acres required to be taken out of production.



FOREIGN OWNERS REDUCED ACREAGE  
PLANTED TO PROGRAM CROPS

For participating in the 1985 production adjustment programs and receiving program payments, the foreign owners of U.S. cropland, like their domestic counterparts, were required to reduce their base acreage for the crop programs they participated in. For crop year 1985, the 598 foreign owners identified in our study were required to reduce the number of base acres planted to program crops by 46,304 acres. This reduction included 31,853 acres under the ARP program and 14,451 acres under the PLD program. Over half (59 percent) of the total base acres required to be reduced was under the ARP and PLD wheat programs. The remaining acres required to be taken out of production were fairly evenly divided among the feed grains, cotton, and rice programs.

Table 2.9

Status<sup>a</sup> of Price-Support Loans Taken Out  
By Foreign Owners for Crop Year 1985

<u>Type of loan</u>	<u>Value of loan</u>	<u>Status of loan</u>		
		<u>Outstanding<sup>b</sup></u>	<u>Redeemed</u>	<u>Forfeited</u>
------(in thousands)-----				
Wheat	\$ 1,534	\$ 654	\$ 97	\$ 783
Feed grains	4,963	4,024	664	275
Cotton	2,050	1,600	450	0
Rice	1,775	379	1,015	381
Soybeans <sup>c</sup>	<u>1,940</u>	<u>1,238</u>	<u>702</u>	<u>0</u>
Total	\$12,263 <sup>d</sup>	\$7,895	\$2,929 <sup>d</sup>	\$1,439

<sup>a</sup>At the time the ASCS county office personnel filled out the questionnaires, which was between June 15 and September 15, 1986.

<sup>b</sup>Loans that had not yet matured, had not been paid off earlier than the maturity date, or had been transferred into the farmer-owned reserve.

<sup>c</sup>Although there is no ARP or PLD program for soybeans, producers can receive price-support loans for soybeans.

<sup>d</sup>Does not add due to rounding.

PRICE-SUPPORT LOANS TAKEN OUT BY  
FOREIGN OWNERS AND LOAN STATUS

Foreign owners of U.S cropland took out about \$12.3 million in price-support loans for wheat, feed grains, cotton, rice, and soybeans during crop year 1985. Of the \$12.3 million, about \$7.9 million, or about 64 percent, was still outstanding at the time of the county offices' responses. This means the loan had not yet matured or was transferred into the farmer-owned reserve for a 3-year period. About \$2.9 million, or about 24 percent, was paid back by the foreign owners and the remaining \$1.4 million, or about 12 percent, was not repaid by the due date and thus the foreign owners' crops were forfeited to USDA.

On an individual crop basis, about \$5.0 million, or about 40 percent, of the price-support loans were for feed grains. The value of loans taken out for the other crops (wheat, cotton, rice, and soybeans) was fairly evenly distributed.



SECTION 3

PRODUCTION ADJUSTMENT PAYMENTS AND  
PRICE-SUPPORT LOANS TO FOREIGN OWNERS  
OF U.S. CROPLAND FOR CROP YEAR 1984

SUMMARY

OUR ANALYSIS SHOWS THAT:

- THE TOTAL PAYMENTS TO FOREIGN OWNERS OF U.S. CROPLAND WERE \$6.17 MILLION IN THE 401 COUNTIES REVIEWED. THIS REPRESENTS ABOUT ONE-HALF OF 1 PERCENT OF ALL PAYMENTS MADE IN THESE COUNTIES. (See p. 36.)
- THE MEDIAN PAYMENT TO FOREIGN INDIVIDUALS AND ENTITIES WAS \$8,397. FOREIGN CORPORATIONS RECEIVED A MEDIAN PAYMENT OF \$12,341. (See p. 38.)
- THIRTY-SIX, OR ABOUT 8 PERCENT, OF THE 448 FOREIGN OWNERS WHO PARTICIPATED IN THE 1984 FARM PROGRAMS RECEIVED FARM PAYMENTS OF AT LEAST \$50,000 EACH. TWENTY-TWO, OR ABOUT 11 PERCENT, OF ALL FOREIGN CORPORATIONS WHO PARTICIPATED RECEIVED AT LEAST \$50,000 EACH. (See p. 42.)
- FOREIGN OWNERS TOOK OUT PRICE-SUPPORT LOANS OF ABOUT \$3.6 MILLION. (See p. 50.)

Table 3.1

Deficiency and Diversion Payments to Foreign Owners of  
U.S. Cropland, By Crop, for Crop Year 1984

<u>Type of crop</u>	<u>Deficiency payments</u>	<u>Diversion payments</u>	<u>Total payments</u>	<u>Percent of total payments</u>
----- (in thousands) -----				
Wheat	\$1,115	\$1,270 <sup>a</sup>	\$2,385	38.7
Feed grains <sup>b</sup>	1,196	c	1,196	19.4
Cotton	1,169	c	1,169	19.0
Rice	<u>1,418</u>	<u>c</u>	<u>1,418</u>	<u>23.0</u>
Total	<u>\$4,898</u>	<u>\$1,270</u>	<u>\$6,168</u>	<u>100.0<sup>d</sup></u>

<sup>a</sup>Includes \$581,000 under the PIK diversion program. This value was based on 176,046 bushels of wheat valued at the 1984 national average loan rate of \$3.30 per bushel.

<sup>b</sup>Includes corn, grain sorghum, barley, and oats.

<sup>c</sup>No diversion program was in effect for feed grains, cotton, and rice during crop year 1984.

<sup>d</sup>Does not add due to rounding.

Table 3.2

Deficiency and Diversion Payments to Foreign Owners of  
U.S. Cropland Compared with Overall Deficiency and  
Diversion Payments for Crop Year 1984

<u>Type of payment</u>	<u>Payments to foreigners</u>	<u>Overall payments<sup>a</sup></u>	<u>Percent of payments to foreigners</u>
----- (in thousands) -----			
Deficiency	\$4,898	\$1,027,502	0.5
Diversion	<u>1,270<sup>b</sup></u>	<u>179,304<sup>c</sup></u>	0.7
Total	<u>\$6,168</u>	<u>\$1,206,806</u>	0.5

<sup>a</sup>Represents payments to all producers who received payments in the 401 counties included in our review.

<sup>b</sup>Includes \$581,000 under the PIK diversion program.

<sup>c</sup>Includes \$68,472,000 under the PIK diversion program.

CROP YEAR 1984 PRODUCTION ADJUSTMENT PAYMENTS  
TO FOREIGN OWNERS OF U.S. CROPLAND

Deficiency and diversion payments to foreign owners of U.S. cropland who participated in the 1984 production adjustment programs in the 401 counties totaled about \$6.17 million. Of this amount, about \$4.90 million, or 79 percent, was deficiency payments and about \$1.27 million, or 21 percent, was wheat diversion payments. Of the \$6.17 million in total payments, about \$2.39 million, or 39 percent, was paid to foreign owners who participated in the 1984 wheat program. Other crop year 1984 payments, by crop, included about \$1.42 million, or 23 percent, for rice; about \$1.20 million, or 19 percent, for feed grains; and about \$1.17 million, or 19 percent, for cotton.

PAYMENTS TO FOREIGN OWNERS WERE SMALL  
WHEN COMPARED WITH OVERALL PAYMENTS

Total deficiency and diversion payments to foreign owners of U.S. cropland represented only one-half of 1 percent of the total deficiency and diversion payments made in the 401 counties studied for crop year 1984. Total deficiency and diversion payments made in the 401 counties studied totaled about \$1.21 billion, and only \$6.17 million was paid to foreign owners. The percentage of payments to foreign owners is comparable to the percentage of U.S. cropland owned by foreigners. As previously stated, foreigners owned about four-tenths of 1 percent of all U.S. cropland.

Table 3.3

Deficiency and Diversion Payment Data, By Type of  
Foreign Owners, for Crop Year 1984

<u>Type of foreign owner</u>	<u>Number of foreign owners</u>	<u>Percent of foreign owners</u>	<u>Total payment</u>	<u>Percent of total payment</u>	<u>Median payment<sup>a</sup></u>
(in thousands)					
Individual	120	26.8	\$1,007	16.3	\$ 2,986
Partnership <sup>b</sup>	105	23.4	1,154	18.7	7,774
Corporation	202	45.1	3,645	59.1	12,341
Trust	13	2.9	180	2.9	7,314
Other	<u>8</u>	<u>1.8</u>	<u>181</u>	<u>2.9</u>	<u>9,905</u>
Total	<u>448</u>	<u>100.0</u>	<u>\$6,168<sup>c</sup></u>	<u>100.0<sup>c</sup></u>	<u>\$ 8,397</u>

<sup>a</sup>Represents payment distribution value that is in the middle with half the payments lower in value and the other half higher in value. It is a more appropriate indicator than average payments because several payments were unusually high.

<sup>b</sup>For payment purposes, each partner receives a payment for the partner's share of the partnership. If a partnership included three partners, each partner would receive payments. In this study, we identified 105 partners that received payments in 34 partnerships for crop year 1984.

<sup>c</sup>Does not add due to rounding.



PRODUCTION ADJUSTMENT PROGRAM PAYMENTS  
BY TYPE OF FOREIGN OWNER

The median payment for the 448 foreign owners who received deficiency and diversion payments for participating in the 1984 crop programs in the 401 counties we studied was \$8,397. The highest number of foreign owners were corporations, which received the majority of the payments and had the highest median payment. Of the 448 foreign owners, 202, or 45 percent, were corporations. These 202 corporations received, in total, about \$3.6 million, or 59 percent, of the total payments. The median payment was \$12,341. In contrast, the 120 foreign owners, or about 27 percent, who were individuals received total payments of about \$1.0 million, or about 16 percent, of the total payments. The median payment was \$2,986, which was the lowest median payment among the various types of foreign owners.

One hundred and five foreign partners, which represented about 23 percent of the foreign owners, received about \$1.2 million, or about 19 percent, of the total payments. The median payment was \$7,774. The remaining foreign owners who participated in the 1984 production adjustment programs and received payments were foreign trusts and others, such as foreign limited partnerships or estates.

Table 3.4

Distribution, By Size of Payment,<sup>a</sup> to Foreign Owners of  
U.S. Cropland for Crop Year 1984

<u>Size of payment</u>	<u>Number of foreign owners<sup>b</sup></u>	<u>Percent of foreign owners</u>	<u>Total payments<sup>a</sup></u>	<u>Percent of total payments</u>
(in thousands)				
0 - \$4,999	181	40.4	\$ 331	5.4
\$5,000 - \$9,999	84	18.7	644	10.4
\$10,000 - \$24,999	97	21.7	1,515	24.6
\$25,000 - \$49,999	50	11.2	1,790	29.0
\$50,000 and higher <sup>c</sup>	<u>36</u>	<u>8.0</u>	<u>1,887</u>	<u>30.6</u>
Total	448	100.0	\$6,168 <sup>d</sup>	100.0

<sup>a</sup>Includes deficiency and diversion payments.

<sup>b</sup>Includes each foreign partner who received payments from the partnership. However, because we did not have exact payments made to each foreign partner, we divided the foreign partnership's total payments equally among the foreign partners. In some cases, partners may not have shared in the partnership equally and may not have received equal payments.

<sup>c</sup>A portion of the payments made to producers who enrolled in the 1984 wheat ARP program was not subject to the \$50,000 per person payment limitation. As a result, some producers received total payments that were in excess of \$50,000.

<sup>d</sup>Does not add due to rounding.

DISTRIBUTION OF DEFICIENCY AND DIVERSION PAYMENTS  
TO FOREIGN OWNERS BY SPECIFIC PAYMENT CATEGORIES

The size of the deficiency and diversion payments received by the foreign owners who participated in the 1984 crop programs ranged from a low of \$49 to a high of \$63,481. The highest percentage of foreign owners, about 40 percent, received less than \$5,000 each. These 181 foreign owners, in total, received about \$331,000, or about 5 percent, of the total deficiency and diversion payments made to foreign owners. On the other hand, 36, or 8 percent, of the foreign owners received at least \$50,000 each which, in total, accounted for about \$1.9 million, or about 31 percent, of the total payments made to foreign owners.

For the remaining payment categories, 84 foreign owners, or about 19 percent, received between \$5,000 and \$9,999 each; 97, or about 22 percent, received between \$10,000 and \$24,999 each; and 50, or about 11 percent, received between \$25,000 and \$49,999 each.

Table 3.5

Foreign Owners of U.S. Cropland That Received Deficiency and  
Diversion Payments of at Least \$50,000 for Crop Year 1984

<u>Number</u>	<u>Type of foreign owner</u>	<u>County/state<sup>a</sup></u>	<u>Type of crop(s)</u>	<u>Total payments</u>
1	Corporation	Walton/Florida	wheat	\$63,481
2	Corporation	Baker/Georgia	wheat	63,419
3	Individual	Kit Carson/Colorado	wheat	61,452
4	Partner	Hopkins/Texas	wheat/feed grains	60,371
5	Individual	Weld/Colorado	wheat	59,325
6	Corporation	Sumter/Georgia	wheat	55,525
7	Trust	Jefferson/Idaho	wheat	54,148
8	Corporation	Dallam/Texas	wheat/feed grains	53,079
9	Individual	Franklin/Texas	wheat	52,935
10	Other	Wayne/Illinois	wheat/feed grains	52,466
11	Corporation	Issaquena/Mississippi	wheat/rice	52,379
12	Corporation	Sumter/Georgia	wheat	52,144
13	Corporation	Weld/Colorado	wheat	51,653
14	Corporation	Tate/Mississippi	wheat/cotton	51,581
15	Corporation	Pinal/Arizona	wheat/cotton	50,923
16	Corporation	Pinal/Arizona	wheat/cotton	50,873
17	Corporation	Stoddard/Missouri	wheat/feed grains	50,758
18	Corporation	Washington/Missouri	wheat/cotton	50,684
19	Partner <sup>b</sup>	Kern/California	cotton	50,000
20	Partner <sup>b</sup>	Kern/California	cotton	50,000
21	Partner <sup>b</sup>	Kern/California	cotton	50,000
22	Corporation	Yolo/California	rice	50,000
23	Partner	Sutter/California	rice	50,000
24	Corporation	Yuba/California	rice	50,000
25	Corporation	Yuba/California	rice	50,000
26	Corporation	Culberson/Texas	cotton	50,000
27	Corporation	Lavaca/Texas	rice/feed grains	50,000
28	Corporation	Fulton/Illinois	feed grains	50,000
29	Other	Zavala/Texas	cotton/feed grains	50,000
30	Individual	Zavala/Texas	cotton/feed grains	50,000
31	Corporation	St. Francis/Arkansas	rice	50,000
32	Corporation	Colusa/California	rice	50,000
33	Trust	Robertson/Texas	cotton	50,000
34	Corporation	Riverside/California	cotton	50,000
35	Other	Wayne/Illinois	feed grains	50,000
36	Corporation	Hidalgo/Texas	feed grains	50,000

<sup>a</sup>The county and state where the foreign owner's farm is located. In some cases, the foreign owner may have had more than one farm enrolled in the 1984 programs, and the farms were located in different counties. In these cases, the county location where the highest payments were received is shown.

<sup>b</sup>The foreign owners that are numbered 19, 20, and 21 are partners in the same partnership.

FOREIGN OWNERS THAT RECEIVED  
AT LEAST \$50,000 IN PAYMENTS

Of the 36 foreign owners that received at least \$50,000 in 1984 deficiency and diversion payments, 22 were foreign corporations; 5 were foreign partners of partnerships; 4 were individuals; and of the remaining 5, 2 were foreign trusts, 2 were foreign limited partnerships, and 1 was a foreign estate. The largest single payment was for \$63,481 and was paid to a foreign corporation for participating in the wheat program in Walton County, Florida.

As previously stated, the Secretary of Agriculture lowered the wheat loan rate to \$3.30 per bushel for crop year 1984. As a result, in computing the 1984 wheat deficiency payments, up to 25 cents per bushel would not have been subject to the payment limitation if the maximum \$1.08 per bushel deficiency payment was paid. However, according to ASCS commodity analysts, since the 1984 deficiency payment per bushel of wheat was \$1.00 because the season average wheat price was slightly higher than the loan rate of \$3.30 per bushel, 17 cents per bushel was not subject to the \$50,000 limitation. This is the reason the top 18 foreign owners shown in table 3.5 received more than \$50,000 in total payments. The Secretary did not lower the loan rates for feed grains and, therefore, total deficiency and diversion payments for the feed grain crops were limited to \$50,000 per person.

Table 3.6

Deficiency and Diversion Payments, By Country of  
Foreign Owner, for Crop Year '984

<u>Country of foreign owner<sup>a</sup></u>	<u>Total payments</u>	<u>Percent of total payments</u>
(in thousands)		
West Germany	\$1,635	26.5
Netherlands Antilles	1,462	23.7
Switzerland	619	10.0
Canada	612	9.9
Belgium	340	5.5
Mexico	302	4.9
Pakistan	186	3.0
England	177	2.9
Liechtenstein	164	2.7
Netherlands	163	2.6
Italy	70	1.1
Sweden	63	1.0
France	59	1.0
Others <sup>b</sup>	<u>315</u>	<u>5.1</u>
 Total	 <u>\$6,168<sup>c</sup></u>	 <u>100.0<sup>c</sup></u>

<sup>a</sup>Country where individuals show their permanent residence or where entities, such as corporations, partnerships, or trusts (1) were legally created, (2) have their principal place of business, or (3) have significant interest or control.

<sup>b</sup>Includes 16 countries where the payments for each country were less than 1 percent of the total payments.

<sup>c</sup>Does not add due to rounding.

DEFICIENCY AND DIVERSION PAYMENTS  
BY COUNTRY OF FOREIGN OWNER

About half of the deficiency and diversion payments to foreigners in crop year 1984 were paid to foreigners who resided in, were incorporated in, had their principal place of business in, or had significant foreign interests in West Germany or the Netherlands Antilles. Foreign owners from West Germany received the largest amount of 1984 deficiency and diversion payments--about \$1.6 million, or about 26 percent, of the \$6.2 million in payments. Foreign owners from the Netherlands Antilles were second. They received about \$1.5 million, or about 24 percent, of the \$6.2 million in payments. As was stated previously, a large number of foreign corporations that received payments were incorporated in Curacao, an island of the Netherlands Antilles.

Foreign owners from Switzerland and Canada also received a significant portion of the payments. Foreign owners from Switzerland received about \$619,000, and foreign owners from Canada received about \$612,000. Payments to foreign owners from these two countries totaled about 20 percent of the total payments made in crop year 1984.

Table 3.7

Deficiency and Diversion Payments to Foreign Owners,  
By State, for Crop Year 1984

<u>State</u>	<u>Counties studied<sup>a</sup></u>	<u>Number of foreign owners receiving payments</u>	<u>Total payments</u> (in thousands)
Texas	52	75	\$1,149
California	31	39	942
Georgia	21	22	545
Colorado	18	56	521
Mississippi	24	31	483
Arkansas	20	36	443
Illinois	31	33	339
Arizona	3	6	249
Montana	16	18	220
Louisiana	16	20	208
Oregon	5	6	149
Iowa	8	10	121
Maryland	7	26	85
Missouri	12	12	85
Florida	15	2	80
Kansas	10	12	78
Wisconsin	4	3	77
Virginia	7	11	75
Indiana	11	5	64
Idaho	2	1	54
Ohio	7	9	53
South Carolina	8	3	47
Nebraska	5	3	32
Minnesota	5	3	23
Wyoming	2	1	21
Tennessee	4	5	17
Kentucky	2	1	4
South Dakota	9	1	3
North Dakota	6	1	2
Other <sup>b</sup>	<u>40</u>	<u>0</u>	<u>0</u>
Total	<u>401</u>	<u>451<sup>c</sup></u>	<u>\$6,168<sup>d</sup></u>

<sup>a</sup>Represents the number of counties in each state that we sent questionnaires to requesting deficiency and diversion payments to foreign owners of U.S. cropland.

<sup>b</sup>For 14 states studied--covering 40 counties--no foreign owners participated in the 1984 crop programs.

<sup>c</sup>Does not total 448 because three foreign owners received payments in two different states.

<sup>d</sup>Does not add due to rounding.



DEFICIENCY AND DIVERSION PAYMENTS  
TO FOREIGN OWNERS, BY STATE

ASCS county offices in Texas and California made the most deficiency and diversion payments to foreign owners of U.S. cropland for crop year 1984. Together, county offices in these two states made about \$2.1 million in payments to 114 foreign owners or about 34 percent of the total payments to about 25 percent of the foreign owners. County offices in Georgia, Colorado, Mississippi, Arkansas, and Illinois also made significant payments to foreign owners for crop year 1984. Collectively, county offices from the top seven states made about \$4.4 million in payments to 292 foreign owners or about 72 percent of the total payments to about 65 percent of the foreign owners.

County offices in 22 other states also made payments to foreign owners. Payments in these 22 states totaled over \$1.7 million, or about 28 percent, of the total payments made. County offices in 14 states covered by our study made no payments to foreign owners in crop year 1984.

Table 3.8

Acreage Required to Be Taken Out of Production  
By Foreign Owners, By Crop, for Crop Year 1984

<u>Program/crop</u>	<u>Base acres<sup>a</sup></u>	<u>Percent of reduction</u>	<u>Base acres required to be taken out of production</u>
ARP wheat	79,874	20	15,975
ARP feed grains	46,981	10	4,698
ARP cotton	16,102	25	4,026
ARP rice	14,257	25	<u>3,564</u>
Total			<u>28,263</u>
PLD wheat	77,334	10	7,733
PLD PIK wheat	30,278	10-20 <sup>b</sup>	<u>4,542<sup>b</sup></u>
Total <sup>c</sup>			<u>12,275</u>
Total <sup>d</sup>			<u><u>40,538</u></u>

<sup>a</sup>Calculated only on the foreign owner's share. In many cases, a foreign owner has a U.S. citizen or entity who operates the farm and share in the crop and payments. For example, a foreign-owned wheat farm participates in the ARP or PLD program. The farm has 100 acres of wheat. Both the foreign owner and U.S. operator share in the crop and payments on a 50/50 basis. As a result, we calculated the foreign owner's share of the wheat base acres as 50 (100÷2=50 base acres).

<sup>b</sup>Under the PIK wheat diversion program, producers could elect to reduce their base acres by 10 or 20 percent. Because we did not determine the exact percentage the foreign owners chose, we used 15 percent in calculating the base acres required to be taken out of production. This could have been slightly lower or slightly higher than the actual amount required.

<sup>c</sup>There were no PLD programs for feed grains, cotton, and rice for crop year 1984.

<sup>d</sup>Base acres shown in the first column are not totaled because, in many cases, the same base acres used under the ARP program are also used under the PLD program in determining base acres required to be taken out of production.

FOREIGN OWNERS REDUCED ACREAGE  
PLANTED TO PROGRAM CROPS

For participating in the 1984 production adjustment programs and receiving program payments, the foreign owners of U.S. cropland were required to reduce their plantings of base acreage for the crop programs they participated in. For crop year 1984, the 448 foreign owners identified in our study were required to reduce the number of base acres planted to program crops by 40,538 acres. This reduction included 28,263 base acres under the ARP program and 12,275 base acres under the PLD wheat and PLD PIK wheat programs. About 70 percent of the total base acres required to be reduced was under the various wheat programs. The remaining acres required to be taken out of production were fairly evenly divided among the feed grains, cotton, and rice programs.

**Table 3.9**  
**Status<sup>a</sup> of**  
**Price-Support Loans Taken Out**  
**By Foreign Owners for Crop Year 1984**

<u>Type of loan</u>	<u>Value of loan</u>	<u>Status of loan</u>		
		<u>Outstanding<sup>b</sup></u>	<u>Redeemed</u>	<u>Forfeited</u>
----- (in thousands) -----				
Wheat	\$ 220	\$ 5	\$ 61	\$ 154
Feed grains	697	26	537	134
Cotton	177	15	0	162
Rice	1,849	0	1,358	491
Soybeans <sup>c</sup>	<u>682</u>	<u>0</u>	<u>449</u>	<u>232</u>
Total	\$ <u>3,625</u>	\$ <u>46</u>	\$ <u>2,406<sup>d</sup></u>	\$ <u>1,174<sup>d</sup></u>

<sup>a</sup>At the time the ASCS county office personnel filled out the questionnaires, which was between June 15 and September 15, 1986.

<sup>b</sup>Loans that had not yet matured, had not been paid off earlier than the maturity date, or had been transferred into the farmer-owned reserve.

<sup>c</sup>Although there is no ARP or PLD program for soybeans, producers can receive price-support loans for soybeans.

<sup>d</sup>Does not add due to rounding.

PRICE-SUPPORT LOANS TAKEN OUT BY  
FOREIGN OWNERS AND LOAN STATUS

Foreign owners of U.S cropland took out about \$3.6 million in price-support loans for wheat, feed grains, cotton, rice, and soybeans during crop year 1984. Of the \$3.6 million, about \$2.4 million, or about 67 percent, was paid back by the foreign owners and \$1.2 million, or 33 percent, was not repaid by the due date and thus their crops were forfeited to USDA.

On an individual crop basis, about \$1.8 million, or about 50 percent, of the loans were for rice. This was followed by feed grains and soybean loans, which each accounted for about 19 percent of the loans taken out. Wheat loans accounted for about 6 percent and cotton loans for about 5 percent.

SECTION 4

DRAFT LEGISLATIVE LANGUAGE TO PREVENT  
FOREIGNERS FROM RECEIVING PRODUCTION ADJUSTMENT  
PAYMENTS AND PRICE-SUPPORT PAYMENTS AND LOANS

SUMMARY

- TWO BILLS WERE INTRODUCED IN THE 99TH CONGRESS TO PREVENT FOREIGNERS FROM RECEIVING FARM PROGRAM PAYMENTS AND LOANS; HOWEVER, NO ACTION WAS TAKEN ON EITHER BILL. (See p. 53.)
  
- GAO DRAFT LEGISLATION DOES NOT AFFECT FOREIGNERS WHO CASH RENT THEIR U.S. FARMS TO OTHER PRODUCERS. (See p. 54.)
  
- GAO DRAFT LEGISLATION COULD ADVERSELY AFFECT SOME U.S. PRODUCERS WHO SHARE RENTED FARMS THAT WERE FOREIGN OWNED. (See p. 55.)
  
- GAO IS NOT TAKING A POSITION ON THE DESIRABILITY OF THE DRAFT LEGISLATION. (See p. 53.)

DRAFT LEGISLATIVE LANGUAGE TO PREVENT  
FOREIGNERS FROM RECEIVING PRODUCTION ADJUSTMENT  
PAYMENTS AND PRICE-SUPPORT PAYMENTS AND LOANS

Because of Congressman Panetta's concern over the large amount of farm program payments expected over the next several years and the fact that some of these payments would be made to foreigners, Congressman Panetta requested that our report include draft legislation that would prevent foreigners from receiving production adjustment payments and price-support payments and loans in the future.

In drafting the legislative language for this report, we did research to determine whether similar language had been introduced in the past. We found that two bills were introduced during the 99th Congress dealing with farm program payments and loans to foreigners. These two bills were H.R. 4519 and S. 2310. They included language to make certain categories of foreigners ineligible for various agricultural payments, loans, and other benefits. No action was taken on either bill, and they expired at the close of the 99th Congress. The draft legislation that we are presenting below is similar to S. 2310. However, the draft legislation affects only payments made under the production adjustment programs--deficiency and diversion payments--and payments and loans under the price-support programs. It does not affect subsidies in other programs that were addressed by S. 2310, such as farm storage facility loans and federal crop insurance.

In providing the draft legislation, however, we are not taking a position on the desirability of it. In addition, because we were requested to provide draft legislation that was applicable to price-support payments and loans for all commodities, the language below would affect benefits for dairy products and price support for tobacco, sugar, peanuts, honey, and wool and mohair, which were not included as part of our study. We have no data concerning whether, or to what extent, foreigners are receiving benefits under the commodity programs that we did not study.

Following is our draft legislation.

"AGRICULTURAL PROGRAM INELIGIBILITY FOR FOREIGNERS

"(a) IN GENERAL.--Except as otherwise provided in this section and notwithstanding any other provision of law, following the date of enactment of this Act, any person who is not a citizen or national of the United States or an alien lawfully admitted for permanent residence shall be ineligible to receive any type of production adjustment payments or price-support program loans, payments, or benefits made available under the Agricultural Act of 1949 (7 U.S.C. §1421 et seq.), the

Commodity Credit Corporation Act (15 U.S.C. § 714 et seq.), or any other Act with respect to any commodity produced on a farm that is owned or operated by such person.

"(b) CORPORATIONS.--For the purpose of subsection (a), a corporation shall be considered a person that is ineligible for production adjustment payments or price-support program loans, payments, or benefits if more than \_\_\_\_\_ per centum of the beneficial ownership of the corporation is held by persons who are not citizens or nationals of the United States or aliens lawfully admitted for permanent residence.

"(c) EXEMPTION.--No person shall become ineligible under this section for production adjustment payments or price-support program loans, payments, or benefits as the result of the production of a crop of an agricultural commodity planted before the date of enactment of this Act."

Concerning subsection (b) of the draft legislation, we left blank the percent of foreign ownership or interest that would be required to consider a corporation as foreign and ineligible for production adjustment payments or price-support payments, loans, or other benefits. This was done because we have no view on what the threshold percentage of foreign ownership in a corporation should be to render the corporation ineligible under subsection (b). As we previously pointed out in section 1, USDA considers a corporation or other entity to be foreign if it was created under the laws of or has its principal place of business in a foreign country or (a) 10 percent or more of the entity is held by a foreign person, (b) 10 percent or more of the entity is held by a group of foreign persons acting in concert, or (c) 50 percent or more of the entity is held by more than one foreign person regardless of whether or not they may be acting in concert.

It should also be pointed out that the draft legislation does not affect foreign owners who cash rent their U.S. farms to other producers. Under cash rents, owners of U.S. farmland do not participate in the various crop programs, but rather cash rent their farm acreage to producers and the producers who rent the land participate in the crop programs and receive the program benefits, including deficiency and diversion payments and price-support loans. During our review we noted that 2,106 farms that grew wheat, feed grains, cotton, or rice were owned by foreign individuals or entities in the 401 counties; however, only 593, or 28 percent, actually participated in the various crop programs. Although we do not know the specific reasons why 1,513 foreign-owned farms did not participate in the crop programs, we noted that a number of these foreign owners cash rented their farms.



However, of the 593 foreign-owned farms that did participate in the 1984 or 1985 crop programs, 459, or 77 percent, share rented their farms with U.S. producers. What this means, in essence, is that both the foreign owner and U.S. producer shared in the program benefits and the crop harvest. If the draft legislation is enacted, these foreign owners would be prevented from participating in the crop programs. As a result, they probably would either cash rent their farms or operate their farms and not participate in the crop programs. Under either case, the U.S. producers who were share renting with the foreign owners could be adversely affected because they would either have to pay cash for renting the farms or would be prevented from receiving farm program benefits.

ASCS officials responsible for administering farm programs reviewed a draft copy of this report, but they did not comment on the draft legislative language.



**QUESTIONNAIRE USED TO GATHER GENERAL DATA  
ON FOREIGN OWNERS OF U.S. CROPLAND**

022924 (1-6)

1. County \_\_\_\_\_ (7-9) State |\_\_|\_| (TWO LETTERS) (10-11)

00 (12-13)

2. Contact person \_\_\_\_\_ Phone number (\_\_\_\_) \_\_\_\_-\_\_\_\_\_

For the purposes of this study the term "foreign farm owner" refers to those persons, corporations, or entities holding U.S. cropland who are either residents of another nation or are incorporated in another country. These will be the same individuals and corporations who are required to fill out ASCS Form 153 under the Agricultural Foreign Investment Disclosure Act.

3. How many farms in your county with foreign ownership were capable of participating in 1984 or 1985 crop programs? Include farms that have

- 1) cropland as reported on ASCS 153 (Box 9.A)
- and, 2) acreage in wheat, feed grains, cotton, or rice.

For farms with more than one foreign owner, count the farm only once. For foreign owners with more than one farm, count each farm. [REMINDER: ASCS 153 is used for reporting land disposition as well as land owned; please do not include land that was not owned during the 1984 or 1985 crop years.

\_\_\_\_\_ farms (14-16)

**FARM PROGRAM PAYMENTS**

4. Did any of the foreign farm owners within your county office's jurisdiction participate in 1984 crop programs for wheat, feed grains, cotton, or rice?

5. Did any of the foreign farm owners within your county office's jurisdiction participate in 1985 crop programs for wheat, feed grains, cotton, or rice?

**AGRICULTURAL CONSERVATION PROGRAM** (See GAO note.)

6. Did any of the foreign farm owners within your county office's jurisdiction who participated in crop programs during 1984 or 1985 receive Agricultural Conservation Program (ACP) payments in fiscal year 1984?

7. Did any of the foreign farm owners within your county office's jurisdiction who participated in crop programs during 1984 or 1985 receive Agricultural Conservation Program (ACP) payments in fiscal year 1985?

	(CHECK ONE)		[IF YES] HOW MANY FARMS?
	1. YES	2. NO	
4.			17, 18-20
5.			21, 22-24
6.			25, 26-28
7.			29, 30-32

IF YOU ANSWERED "NO" TO ALL QUESTIONS 4 THROUGH 7, PLEASE STOP HERE AND RETURN THIS YELLOW COVER SHEET IN THE ENCLOSED ENVELOPE.

IF YOU ANSWERED "YES" TO ANY QUESTION, PLEASE COMPLETE A WHITE WORKSHEET FOR EACH FARM WITH ONE OR MORE FOREIGN FARM OWNERS PARTICIPATING IN CROP PROGRAMS DURING 1984 OR 1985. FOR EXAMPLE, FOREIGN PARTNERS IN THE SAME FARM SHOULD BE COMBINED ON A SINGLE WORKSHEET. SOME FOREIGN OWNERS OF CROPLAND IN YOUR COUNTY MAY RECEIVE PAYMENTS IN ANOTHER COUNTY BECAUSE THE FARM OPERATOR IS LOCATED THERE. IN SUCH CASES, PLEASE CALL THAT COUNTY TO OBTAIN THE NECESSARY INFORMATION TO COMPLETE THE WHITE WORKSHEETS.

GAO note: Because the amount of money received by foreign owners under this program was negligible, we did not include it in the report.

FAF 022924:5/86

**QUESTIONNAIRE USED TO GATHER SPECIFIC DATA  
FOR EACH FOREIGN-OWNED FARM THAT  
PARTICIPATED IN 1984 OR 1985 CROP PROGRAMS**

022924 (1-6)

01 (20-21)

(7-9) State            (THO LETTERS)(10-11) Farm number            (12-19)

1 County             
 3 Type of farm ownership as shown on ASCS 153 (CHECK ONE)  
 NOTE: If more than one category seems to apply, please call us for special instructions

- (22)
- 1  Individual
  - 2  Partnership-----
  - 3  Corporation
  - 4  Trust
  - 5  Other
- [FOR PARTNERSHIPS ONLY]
- a How many partners own farm?            (23-25) d Type of foreign partners (CHECK ONE) (34)
  - b. How many are foreign partners?            (26-28) 1  All partners are corporations
  - c What percent of the partnership is foreign ownership?            % (29-33) 2  All partners are individuals
  - 3  Both individual(s) and corporation(s)

4 Foreign country of farm owner/entity            (35-37) 5 Name of individual or business checked in Question 3           

**QUESTIONS 6 TO 9 SHOULD INCLUDE PAYMENTS AND LOANS MADE FOR CROP YEAR 1984**

6 Did this owner participate in 1984 commodity programs? (38)  
 1  Yes - GO TO 7 -->  
 2  No - SKIP TO 8

7 Check yes or no for each crop in column A. Check "yes" if owner participated in 1984 program for that crop. Check "no" when farm owner was not enrolled, regardless of whether or not the crop had acreage base. If farm owner did participate during crop year 1984, please fill out information in columns B through F. PLEASE NOTE: If farm is a partnership, columns E and F should be the sum of all foreign partners

FEED GRAINS	(A) Participated in 1984? CHECK ONE 1 YES; 2 NO	(B) Owner % share for this crop Deficiency Division	(C) Acreage base for this crop	(D) Actual number of acres of this crop planted	(E) Deficiency payments to owner for this crop	(F) Diversion payments to owner (WHEAT ONLY)	
						Cash payments	Payments in kind in bu.
Wheat						\$	bu
Corn/Grain sorghum							
Barley/Oats							
Cotton							
Rice							
	(22)	(23-27)	(28-32)	(33-38)	(39-44)	(45-54)	(55-64)
							(65-72)

8 Did this owner take out any commodity loans on 1984 crops? (73)  
 1  Yes - GO TO 9 -->  
 2  No - SKIP TO 10

FEED GRAINS	(A) Number of loans for this crop IF NONE, ENTER 0	(B) Total quantity put under all 1984 commodity loans for this crop (bu.cwt.lbs.)	(C) Total loan value of all 1984 loans for this crop	(D) Outstanding	(E) Re-deemed	(F) Forfeited	(G) Transferred to reserve	Status of dollar amounts of all commodity loans for this crop (SUM OF AMOUNTS SHOULD EQUAL COLUMN C)
Wheat		\$	\$	\$	\$	\$	\$	
Corn/Grain sorghum		\$	\$	\$	\$	\$	\$	
Barley/Oats		\$	\$	\$	\$	\$	\$	
Cotton		\$	\$	\$	\$	\$	\$	
Rice		\$	\$	\$	\$	\$	\$	
Soybeans		\$	\$	\$	\$	\$	\$	
	(22-24)	(25-34)	(35-44)	(45-54)	(55-64)	(65-74)	(75-84)	

DUP (1-19)  
13 (20-21)

10 Did this owner receive any Agricultural Conservation Program (ACP) payments during fiscal year 1984? (22)

- 1  Yes - GO TO 11 -->
- 2  NO - SKIP TO 13

11 How many ACP payments were received? \_\_\_\_\_ (23-25)

12 How many total dollars were paid to foreign farm owners of this farm in 1984 for ACP payments? \$ \_\_\_\_\_ (26-35)

QUESTIONS 13 THROUGH 16 SHOULD INCLUDE PAYMENTS AND LOANS MADE FOR CROP YEAR 1985

13 Did this owner participate in 1985 commodity programs? (36)

- 1  Yes - GO TO 14 -->
- 2  No - SKIP TO 15

14 Check yes or no for each crop in column A. Check "yes" if owner participated in 1985 program for that crop. Check "no" when farm owner was not enrolled, regardless of whether or not the crop had acreage base. If farm owner did participate during crop year 1985, please fill out information in columns B through F. PLEASE NOTE: If farm is a partnership, columns E and F should be the sum of all foreign partners.

FEED GRAINS

	(A) Participated in 1985? (CHECK ONE)		(B) Owner's share for this crop		(C) Acreage base for this crop	(D) Actual number of acres of this crop planted	(E) Deficiency payments to owner for this crop*	(F) Diversion payments to owner for this crop	
	1 YES	2 NO	Deficiency	Diversion					
Wheat							\$	\$	14 (20-21)
Corn/Grain sorghum							\$	\$	15 (20-21)
Barley/Oats							\$	\$	16 (20-21)
Cotton							\$	\$	17 (20-21)
Rice							\$	\$	18 (20-21)

\*Please include 1985 payments earned by farmer regardless of 1983 advances deducted

15 Did this owner take out any commodity loans on 1985 crops? (65)

- 1  Yes - GO TO 16 -->
- 2  No - SKIP TO 17

16 For each crop, fill in number of loans in column A. For each program joined, fill in columns B through D for all commodity loans to owner.

FEED GRAINS

	(A) Number loans for this crop IF NONE, ENTER 0	(B) Total quantity put under all 1985 commodity loans for this crop (bu, cwt, lbs)	(C) Total loan value of all 1985 loans for this crop	(D) Status of dollar amounts of all commodity loans for this crop (SUM OF AMOUNTS SHOULD EQUAL COLUMN C)				
				Out-standing	Re-deemed	For-feited	Transferred to reserve	
Wheat			\$	\$	\$	\$	\$	19 (20-21)
Corn/Grain sorghum			\$	\$	\$	\$	\$	20 (20-21)
Barley/Oats			\$	\$	\$	\$	\$	21 (20-21)
Cotton			\$	\$	\$	\$	\$	22 (20-21)
Rice			\$	\$	\$	\$	\$	23 (20-21)
Soybeans			\$	\$	\$	\$	\$	24 (20-21)

\*This may not be true for rice loans redeemed at world prices

DUP (1-19)  
25 (20-21)

17 Did this owner receive any Agricultural Conservation Program (ACP) payments during fiscal year 1985? (22)

- 1  Yes - GO TO 18 -->
- 2  NO - SKIP TO 20

18 How many ACP payments were received? \_\_\_\_\_ (23-25)

19 How many total dollars were paid to foreign farm owners of this farm in 1985 for ACP payments? \$ \_\_\_\_\_ (26-35)

20 THANK YOU! That completes the information we need for this farm  
faf 022924 5/86

(36-41)

GAO note: In regard to questions 10, 11, 12, 17, 18, and 19, see GAO note on p. 57.

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