

# Profiting in a New Policy Landscape

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**TEXAS A&M**  
**AGRILIFE**  
**EXTENSION**

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# Factors Affecting Agricultural Profitability

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- Trade Policy
- Energy Policy
- Farm Policy
- Obviously Many Others
  - THE WEATHER
  - Competitors Reactions
  - Global Economic Conditions
  - Regulations

# Current Trade Policy

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- The overall rules of the game are well known... as are the repercussions for ignoring them
- No new market access unless in a Bi-lateral agreement
- President hasn't had trade promotion authority since 2004-2007

# Future Trade Policy

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- It appears that Multi-Lateral Negotiations are just too difficult
- Policy tools relatively less important than Prices and Incomes
- As we move toward 9 Billion people on Earth – Governments will have to be less restrictive in terms of impediments to trade
- U.S. already relatively low impediments

# Current Energy Policy

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- Focus on Renewable Energy but... Cannot forget the implications of Fracking on Agriculture, Rural Communities and the Environment
- A lot of attention on RFS II much less so on a RPS
  - Relatively robust ethanol production, less so for wind energy, solar and biodiesel

# Future Energy Policy

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- Turnover in Midwest Representation will likely be the end of the RFS
  - Not likely to matter
- Relative oil prices much more important than RFS – now that plants are built
- The profitability of animal agriculture dependent on weather and oil prices -- not the RFS
  - 17 does not equal 56!
  - Animal agriculture is Not better off

# Current Farm Policy

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- Traditional farm policy tools are largely irrelevant under current market conditions
- Crop insurance key – sometimes to make large profits – others to stay in business

# Future Farm Policy

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- How could anyone paying attention to the farm bill process not think it will be much less important going forward – not a lot of safety in the safety net
  - Groups clamoring to reduce safety net must want agriculture left with nothing because there isn't much there now
- IF crop insurance is not neutered in the FB process then it will be the centerpiece