

Research Proposal

Submitted to
Georgia Agricultural Commodity Commission for Peanuts

TITLE: Analysis of Potential Concepts for the Upcoming 2024 Farm Bill, Disaster Programs and Trade Policies on Georgia Peanut Producers

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LAYMAN'S SUMMARY: Trade policies and the political environment have significantly influenced domestic agricultural policies, especially with the market-oriented Farm Bill which resulted in dramatic changes in the peanut program. It is critical for peanut farmers and their leadership to understand the potential impacts on their sustainability.

OBJECTIVES: With a scenario of change, specific objectives for research are:

1. Evaluate the impact of specific policy features both domestic and trade on peanut production and peanut farmer income through the use of the U.S. peanut representative farms.
2. Analyze the effect of specific policy features both domestic and trade on contracting, peanut prices, and marketing decisions of peanut farmers.
3. Determine the potential scenarios for consideration in the upcoming 2023 Farm Bill coupled with trade agreements and disaster programs on supply/demand relationships for peanuts and the impact on Georgia peanut farmers.

RATIONAL AND ECONOMIC SIGNIFICANCE: The 2002, 2008, 2014 and the 2018 Farm Bills symbolize that the U.S. peanut industry has entered an era characterized as no supply management and increasing competition. Quota was eliminated with a buyout for the owners. A base was established from the historical production. Fixed direct payments and counter-cyclical payments would be paid to producers with base. A target/reference price was established. The quota support price was eliminated with a market loan for all peanuts set at a fixed price of \$355 per ton. Any producer in the U.S. can produce peanuts and be eligible for the marketing loan. Thus, the peanut program became like the other program commodities' program. To further change the farm program environment, the 2014 Farm Bill eliminated direct payments but essentially kept the concept of the counter cyclical program. However, the 2014 Farm Bill added a new twist to the decision making of farmers by offering an alternative of agricultural risk coverage (ARC) which is a revenue guarantee concept program. In essence, the 2014 Farm Bill made farmer decision making more complicated. The 2018 Farm Bill basically continued the 2014 Farm bill with some modifications to the ARC program.

Trade, domestic policy (Farm Bills and disaster programs) and peanuts are intertwined. This has been repeatedly shown in presentations and papers by the PI that GATT and NAFTA forced U.S. peanut producers into a global economy by eliminating Section 22. While peanut producers have adapted some to this changed environment, a major question exists as to what the Doha round of WTO and farm bills may do to their future environment.

Each of the peanut program modifications, as well as trade agreements and proposed regional trade agreements will/could impact production, peanut farmer income, income flow to rural economies, and the

supply-demand balance for peanuts. The policy features will be analyzed and evaluated to show the degree to which each, and all in total, will impact on peanut farmers and the rural economies. The results will aid policy discussions and will enable farmers and policy-makers to make improved policy and marketing decisions. All the research done will indicate to farmers the type of adjustments they may need to make.

PROCEDURES: Baseline projections will be a major focus of the research. The U.S. representative peanut farms will be the foundation used in the economic analysis. Policy features will be analyzed utilizing these farms.

For the other parts of this project, data will be obtained and analyzed to show the impact of the policy actions affecting the supply/demand for domestic produced peanuts. The level of expected government outlays will be estimated. The economic impact of the various policy features will be determined to show how the features would improve the peanut industry within selected benefit/cost outcomes to peanut farmers.

PLANS: The research and analysis will be a continuous process using data and information already available. Analysis and evaluation, report writing, review, publication and dissemination will follow.

BUDGET SUMMARY:

Item	Georgia Peanut Commission
	---- dollars ----
Partial funding of PI's salary	21,500
Supplies & publication	500
Travel	3,000
Total	25,000

References will be supplied upon request.