

## Shaping the Next Farm Bill

### *What to expect in 2023 renewal*

The nation's farm bill is a wide-ranging piece of legislation that has an impact on everything from what food is grown, to how food is produced and accessed, to what support is available to help farmers develop and protect their businesses. Its components impact not only the food restaurants source and serve, but also broader consumer markets (case in point: the last farm bill legalized hemp, which then opened the door to the variety of CBD products now widely available in the marketplace). Every five years, the farm bill expires and must be updated – and that process is happening again in 2023. As a result, a range of interest groups in agriculture and related sectors are currently making the case to have their initiatives addressed in the new bill.

Rep. Glenn “GT” Thompson (R-PA), the incoming chair of the House Agriculture Committee, has said he expects to kick off the next term of Congress by going on a listening tour to get a handle on what farmers around the country would like to see in the bill, which expires in September. Still, he indicated in a recent interview with Progressive Farmer that some key priorities are emerging – and they relate to helping farms protect themselves from environmental and economic uncertainties.



*(continued on page 4 )*

# Farming in the coming year

## *Agricultural commodities update*

A range of factors are injecting uncertainty and downward pressure into the outlook for agriculture in the months ahead. The USDA's quarterly Outlook for U.S. Agricultural Trade pointed to inflation, shifting monetary policy conditions around the world, and trade disruptions tied to the Russian invasion of Ukraine as the primary catalysts. As of this writing in early December, the Department of Agriculture anticipated that prices for most commodities, including corn, soybeans, wheat and hogs, would decrease from this year's levels but would still remain relatively high.

Here is an overview of key commodities based on the most recent data available from the USDA:



**Wheat:** While wheat production out of Ukraine has dropped in the 2022/2023 season, large harvests out of Canada and Russia have lifted total global wheat production slightly higher. Despite that, global wheat ending stocks for the 2022/2023 marketing year are forecast to tighten to their lowest levels since 2016/2017. In recent weeks, prices have come under pressure due to the November extension of the grain export agreement between Russia and Ukraine from the Black Sea region, as well as from higher anticipated output from other countries. In the U.S., ending wheat stocks for the 2022/2023 season are expected to be at their tightest levels since 2007/2008. The projected 2022/23 season-average farm price is high but stable at a record \$9.20 per bushel.

**Corn:** The invasion of Ukraine has also created production and distribution challenges for corn. Constraints on corn exports from Ukraine, which accounts for 11 percent of corn exports globally, have placed added pressure on other corn-producing countries around the world. Domestically, severe droughts have impacted crop yields and the USDA estimates that, as of this writing in early December, just over half of the corn crop in the U.S. is in good or excellent condition, down from 61 percent in July. That has kept the price of corn elevated and it's currently up about 13 percent since the start of 2022.



# Commodities

## (from page 2)

**Soybeans:** Strong domestic demand for U.S. soybean oil continues to elevate prices. Although the most recent 2022/23 domestic price forecast was unchanged, U.S. soybean oil export prices are well above world prices, causing a dip in foreign demand. Domestically, 2022/23 soybean production is forecast to 4.35 billion bushels on a higher yield and unchanged area, with Iowa, Missouri, Nebraska and North Dakota contributing to the higher yields. Favorable weather conditions have supported the harvest of this year's crop.



**Pork:** Higher year-over-year hog prices, along with building consumer resistance to them, has been putting pressure on pork processors. Year-end production has dipped, though export forecasts for 2022 and 2023 are stable at 6.4 billion pounds and 6.3 billion pounds, respectively, with pork exports to Mexico being helped in recent months by a strengthening peso.

**Beef:** While the strong anticipated pace of demand for fed cattle, as well as faster cow slaughter, led to higher production for 2022, a 7 percent decline in production is expected in 2023 due to a smaller number of cows in the slaughter mix. Fed cattle prices in 2023 were increased on feedlots being more current than expected. The forecast for U.S. total 2023 beef trade is unchanged.



# OUTLOOK

Q1/2023

## Farming (from page 1)

### Building a stronger safety net

At a time when extreme weather is making disaster preparation and recovery that much more critical for farms (and disaster aid for farmers is projected to fall just under \$12 billion, dropping from \$19 billion in 2021), Thompson is hoping to avoid repeated ad-hoc disaster bills in Congress. Instead, he says he hopes to find a way for changes in crop insurance and title one reference prices to bring greater stability and reliability to the sector.

Expect remedies to supply-chain challenges to figure prominently too: The first bills to get a hearing in the next House Agriculture Committee

are likely to build upon a bill Thompson introduced earlier this year called the Reducing Farm Input Costs and Barriers to Domestic Production Act. The proposed legislation includes such provisions as the use of low-interest loans to help producers access precision agriculture tools, support for the production of domestic fertilizer, and other items designed to remove barriers to agricultural production.

A large number of hearings are expected to be held in the coming months as the current bill's expiration date approaches. You can keep track of what's coming at <https://www.eesi.org/>.



## What's Hot in 2023?

Weave some on-trend flavors and approaches into your business in the coming year. The National Restaurant Association predicts we will see these 10 top trends in restaurants in 2023:

1. Experiences/local culture and community
2. Chicken sandwiches 3.0 (i.e., in addition to fried chicken, look for spicy and sweet-heat fusion flavors)
3. Charcuterie boards
4. Comfort fare
5. Flatbread sandwiches/healthier wraps
6. Menu streamlining
7. Sriracha variations
8. Globally inspired salads
9. Zero waste/sustainability/upcycled foods
10. Southeast Asian cuisine (particularly Vietnamese, Singaporean and Filipino foods)