

219
1242
2013

NATIONAL PEANUT BOARD/SOUTHEAST PEANUT
RESEARCH INITIATIVE
QUARTERLY PROGRESS REPORT FOR WORK
DONE UNDER RESEARCH AGREEMENT

Executive Summary

February 4, 2015

INSTITUTION: University of Georgia

PROJECT TITLE: UNITED STATES PEANUT PRODUCERS: A MULTI-ECONOMIC
ANALYSIS OF THEIR COMPETITIVE POSITION IN THE
DOMESTIC AND INTERNATIONAL MARKETS

RES. AGR. NO.: 25-21-RD314-218 PROJECT LEADER: Dr. Stanley Fletcher
GACCP Budget No.: 4-990

EXPIRATION DATE: December 31, 2014 NPB CONTACT: Maria Mehok
NPB Budget No.: 219

EXECUTIVE SUMMARY: NCPC maintains 22 U.S. representative peanut farms that stretch from Virginia to New Mexico covering the entire peanut belt. Using August 2013 macroeconomic data in tandem with the representative farms' cost structure, the economic viability of these representative farms can be evaluated. Overall, 36% of the 22 representative peanut farms are in the poor to moderate economic viability when simulated over the time period of 2013-2017 while 64% of the representative farms were in good economic viability. The Southwest peanut region representative farms' are still in the worse economic conditions when compared to the other peanut regions. During January to March of 2013, NCPC updated the representative peanut farms cost structure. To compare the 2012 per acre cost to 2002's per acre cost when the peanut program changed, one would need to look at the Southeast cost of production numbers since those farms were developed in 2002. For Southeast irrigated peanut production, the variable cost of production has increased 75% from 2002 to 2012. For Southeast non-irrigated peanut production, the variable cost of production has increased 70% from 2002 to 2012. A significant component of the variable cost of production is the land rental rates. The average rental rates for irrigated land for 2012 in Georgia was \$216 per acre which was a 55% increase over the 2002 land rental rate. For non-irrigated land, the average 2012 Georgia land rental rate was \$88 per acre which was a 76% increase over the 2002 land rental rate. Given the 2014 commodity crop prices and the forecasted 2015 crop prices, land rental rates will need to decrease if the farmers hope to cover their production costs. With costs not decreasing relative to prices received decline, one will see a significant shift in the overall economic viability of peanut farms to a poorer economic viability.

With the passage of the 2014 Farm Bill in January, 2014 and signed into law on February 7, 2014, documents were developed to explain the potential implications to the peanut sector. These documents were shared with the NPB staff so they can be shared with their board members. The documents were also shared with each state's peanut check-off executives to aid them in educating their peanut farmers in their respective state. State-wide presentations on the implications of the 2014 Farm Bill were made in Georgia, Florida, Mississippi and Alabama. The next step was to gain understanding of the potential means that will be used to implement the Farm Bill. Discussions and meetings occurred with Congressional staffers and USDA personnel to gain further understanding of potential rules and regulations that will be issued by USDA. Based on the understanding, an Excel spreadsheet was developed to aid peanut farmers in their upcoming decision process in regards to crop base re-allocation and yield updating as well as how generic base can be utilized. In July at the Southern Peanut Growers Conference, a formal presentation was made. After the Conference, the Excel spreadsheet program was distributed. The Excel spreadsheet was also distributed to the peanut organizations in Texas for their use with peanut farmers. The Excel spreadsheet and instruction document can be found at www.gapeanuts.com.

219
1242
2013

NATIONAL PEANUT BOARD/SOUTHEAST PEANUT
RESEARCH INITIATIVE
QUARTERLY PROGRESS REPORT FOR WORK
DONE UNDER RESEARCH AGREEMENT

Final Report

January 22, 2015

INSTITUTION: University of Georgia

PROJECT TITLE: UNITED STATES PEANUT PRODUCERS: A MULTI-
ECONOMIC ANALYSIS OF THEIR COMPETITIVE POSITION
IN THE DOMESTIC AND INTERNATIONAL MARKETS

RES. AGR. NO.: 25-21-RD314-218 PROJECT LEADER: Dr. Stanley Fletcher
GACCP Budget No.: 4-990

EXPIRATION DATE: December 31, 2014 NPB CONTACT: Maria Mehok
NPB Budget No.: 219

FINAL REPORT: I am still in the process of refilling the position that Allen
McCorvey held. Dr. James Richardson, Texas A&M, is assisting me in a temporary role
till a replacement is found and is trained to run the computer model.

A poster presentation was presented at the 2013 Sunbelt Expo and the 2014 Georgia
Peanut Farm Show on the economic status of the U.S. peanut industry. Presentation on
the economic status of the peanut industry was given at the 2014 Oklahoma Peanut Expo.
At these various meetings, informal presentations were made in regards to the economic
viability of the NCPC peanut representative farms.

With the passage of the 2014 Farm Bill in January, 2014 and signed into law on February
7, 2014, documents were developed to explain the potential implications to the peanut
sector. These documents were shared with the NPB staff so they can be shared with their
board members. The documents were also shared with each state's peanut check-off
executives to aid them in educating their peanut farmers in their respective state. State-
wide presentations on the implications of the 2014 Farm Bill were made in Georgia,
Florida, Mississippi and Alabama. The next step was to gain understanding of the
potential means that will be used to implement the Farm Bill. Discussions and meetings
occurred with Congressional staffers and USDA personnel to gain further understanding
of potential rules and regulations that will be issued by USDA. Based on the current
understanding, a detailed Excel spreadsheet was developed to aid peanut farmers in their
upcoming decision process in regards to crop base re-allocation and yield updating as
well as how generic base can be utilized. In July at the Southern Peanut Growers
Conference, a formal presentation was made. After the Conference, the Excel spreadsheet
program was distributed. The Excel spreadsheet was also distributed to the peanut
organizations in Texas for their use with peanut farmers. Been responding to questions by
peanut farmers and peanut industry leaders in regards to the spreadsheet program and
implementation of the 2014 Farm Bill. Additional area-wide presentations on the
implications of the 2014 Farm Bill were made.