

AG NOTES
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UT/TSU Extension
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WE'RE OPEN!

The UT/TSU Bedford County Extension Office is open for business after the holiday. We encourage you to call or email us at 931-684-5971 or our individual email addresses. Mine is jteague1@utk.edu. I'll be glad to provide our other staff members contact information. Just drop me a note and I'll be right back to you.

We do ask that if you need to come to the office, please ring our bell on the counter and wait up-front for someone to meet you there. We ask that you sign in and wearing a mask is suggested. We'll take care of your needs while we help you remain safe in these times.

TOUGH TIMES

In this year's economic report to the governor, researchers at the University of Tennessee Institute of Agriculture detail the extent of COVID-19 impacts on Tennessee's agricultural sectors; examine the struggle of thousands of Tennesseans to feed their families during the pandemic; and summarize the impact of governmental assistance programs in mitigating the damage.

Here is a shortened summary provided by the committee of economists at UT Extension's Ag and Resource Economics Department. (This is of particular importance here since Bedford County was the largest ag income county in the state in the last USDA Ag Census.)

The agricultural sectors encompass the supply chain from farm and forest to consumers and is a vital part of the state's economy. Accounting for multiplier effects, the agricultural sectors add \$79.3 billion to Tennessee's economy and account for more than 339,000 jobs.

Total U.S. agricultural and related exports fell 1% from fiscal years 2019 to 2020. The decrease can be attributed to depressed global demand for U.S. exports tied to the COVID-19 pandemic and continued trade tensions with China and the European Union.

According to the report, Tennessee's agricultural sectors suffered relatively greater declines in exports than the nation as a whole. The state's agricultural and related exports were \$1.9 billion in 2020, down \$143 million or 7% from 2019. In fact, Tennessee experienced declines in all major categories in 2020. Exports of bulk agricultural commodities, which include cotton, tobacco and soybeans, were down \$54 million or 7%. Related product exports, which include forest products and distilled spirits, were down \$50 million or 8%.

Consumer-oriented exports, which include meat and dairy products as well as processed food products, were down \$27 million or 6%. Also, exports of intermediate products such as soybean meal and oil and other feeds were down \$12 million or 6%.

"Key factors for producer profitability in 2020/21 include trade disruptions, adverse weather events, access to financing, interest rates, exchange rates, regulations and policies and global economic growth," said crop marketing specialist Aaron Smith, an associate professor in the Department of Agricultural and Resource Economics.

UTIA trade expert Andrew Muhammad, a professor of agricultural and resource economics, says, "Interestingly, exports to China increased substantially in fiscal year 2020, increasing from \$111 million in 2019 to \$243 million in 2020 – an increase of 118%." He adds that this is an indication that the effects of the trade war may be subsiding. "Given China's importance to Tennessee's agricultural exports, achieving the Phase One Trade Agreement commitment could have significant implications for Tennessee exports in 2021."

In addition to these positive indicators, governmental assistance programs helped offset some of the losses. In Tennessee, the Coronavirus Food Assistance Program provided much-needed help with payments in excess of \$132.6 million. The top five commodities receiving payments were cattle at \$85.1 million; cotton at \$15.6 million; corn at \$14.6 million; milk at \$7.94 million; and soybeans at \$4.8 million.

Business disruptions among Tennessee's food and beverage industries were evidenced by their participation in the Paycheck Protection Program (PPP) to help meet payroll and retain jobs, with approximately one in two food and beverage businesses participating in the program. More than 150,000 food and beverage jobs were retained through the PPP.

"While we experienced food and beverage supply chain disruptions early in the pandemic, the industry has shown great resiliency in responding to these unprecedented markets," said lead researcher Kimberly Jensen, also a professor of agricultural and resource economics.

A particularly alarming fact in the economic report is the number of households in Tennessee that struggled to obtain sufficient food during the pandemic. During April and May and in mid-August through early October, about one in 10 households in Tennessee indicated they were food insufficient.

"Of increased concern is that of the food-insufficient households, about 31% were newly food insufficient," said assistant professor Jackie Yenerall. "Furthermore, about half of these families were not at all confident they could afford food in the next four weeks."

The following researchers from the Department of Agricultural and Resource Economics provided the agri-forestry analyses: Kimberly Jensen, Burton C. English, Jamey Menard, Andrew Griffith, David Hughes, Andrew Muhammad, Alicia Rihn, Aaron Smith, Sreedhar Upendram, Edward Yu and Jackie Yenerall.

The complete economic report to the governor is prepared by the Boyd Center for Business and Economic Research at UT's Haslam College of Business. The full report is available online at tiny.utk.edu/ERG2021.