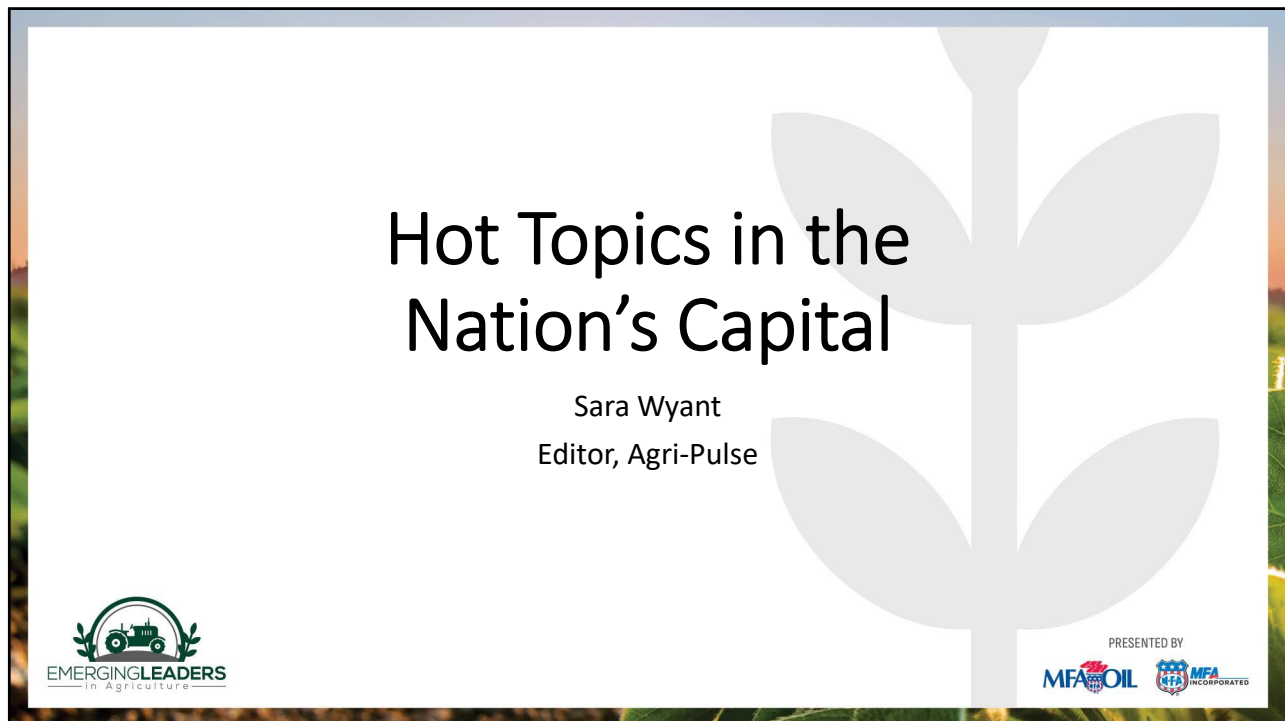




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Looking ahead for 2022

- ▶ Build Back Better and more
- ▶ Freedom to Operate
- ▶ Industry Concentration
- ▶ Farm Bill Ahead



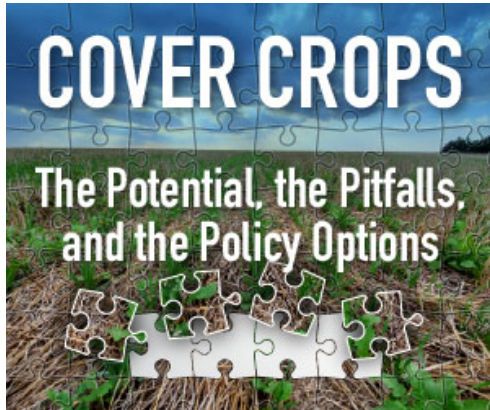
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Build Back Better has plenty for Climate Change and Ag:

The \$1.7 Trillion House-passed bill contains \$82 billion in agriculture provisions, including:

- \$27 billion in new conservation funding.
- \$5 billion program that would pay farmers \$25 per acre for five years to plant cover crops, up to 1,000 acres.
- \$9 billion earmarked for the Environmental Quality Incentives Program.
- \$7.5 billion for the Regional Conservation Partnership Program
- \$4.1 billion for the Conservation Stewardship Program.

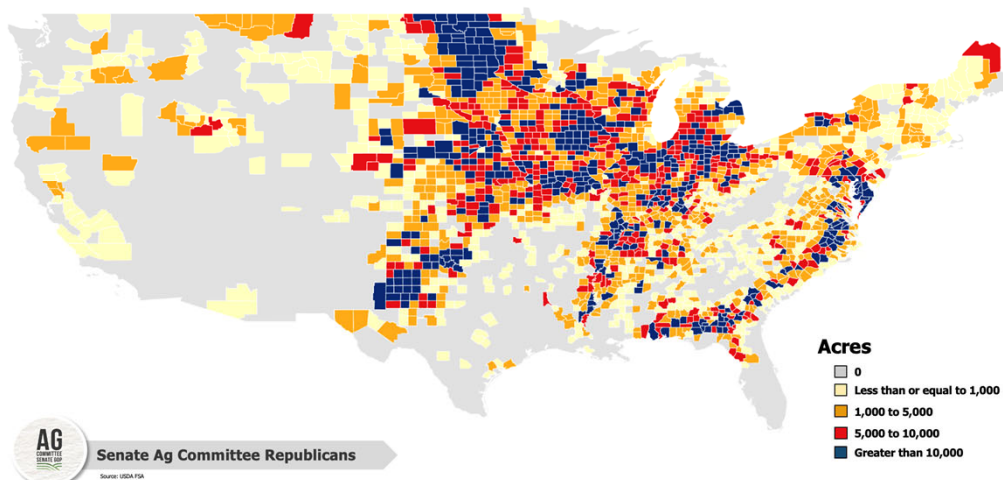
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5

Where are cover crops now? And what will happen with \$25/acre incentive payments?

14.3 MILLION ACRES PLANTED TO COVER CROPS IN 2021



6

Will BBB help with a New Biofuels Boom?

- Biden administration asked airlines for a 20% reduction in aviation emissions by 2030. And wants a standard aviation fuel tax credit included in the infrastructure bill.
- Airlines pledged to use 3 B gallons of Sustainable Aviation Fuel by 2030.
- House package extends \$1/gal. tax credit for biodiesel and renewable diesel through 2026, replaced with a low-carbon fuel credit for SAF and advanced biofuels like ethanol produced with carbon-capture technology.
- Temporary tax credit for SAF worth \$1.25/gal. would run through 2026.
- Soybean oil, pennycress and camelina could be eligible as feedstocks.



7

Another 40 million acres of soybeans needed?

Ag Resources Dan Basse on *Agri-Pulse*: Soybean oil production would have to double by 2024 to meet the demand renewable demand.

Farmers harvested an estimated 86 million acres of soy last year.

“If I need 40 million acres, I need to displace lots of other crops,” Basse said in an interview with *Agri-Pulse*.

“At most, 2 to 3 million acres could feasibly come from corn given the market’s need for 15 billion bushels of that crop each year,” he said.

“We think we’re nearing peak farmland.”



Biodiesel	Renewable Diesel	Sustainable Aviation Fuel Non-Petroleum jet fuel
Biodegradable fuel blended with petroleum diesel	Chemically, a biofuel that is the same as petroleum diesel fuel.	Composed of:
Composed of:	Composed of:	<ul style="list-style-type: none"> • Vegetable oil • Animal fats • Wood Residue • Algae • Ethanol • Greases • Sugars and Alcohols
<ul style="list-style-type: none"> • Vegetable oils • Animal fats • Recycled Restaurant grease 	<ul style="list-style-type: none"> • Vegetable oils • Animal fats • Recycled Restaurant grease 	

8

Food companies taking note, pushing back against RFS



"We in the food industry have sounded the alarm to government officials about the critical supply shortage of soybean oil.

The EPA seemingly ignored our pleas and proceeded to issue an RFS advanced biofuel category mandate that represents a nearly 13% jump for 2022 over 2021."

9



Freedom to operate? Ability to operate?

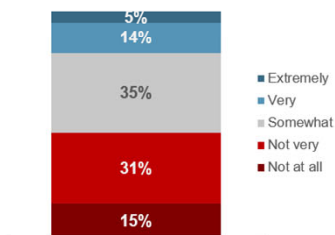
- ▶ Growing interest by major food companies to enlist farmers in their sustainability pledges, reducing inputs and carbon.
- ▶ Variability in measurement, incentives.
- ▶ EPA and some states restricting more pesticide usage, options.
- ▶ California's Department of Pesticide Regulation (DPR) gathering comments for a new statewide system to notify residents ahead of pesticide applications, perhaps 72 hours.

10

Need for more education, understanding on reducing ag's carbon footprint

More than a quarter of farmers are taking action, a third need increased understanding, and nearly a quarter do not think there's a need to address greenhouse gas emission or reduce carbon footprint.

Concern with greenhouse gas emissions



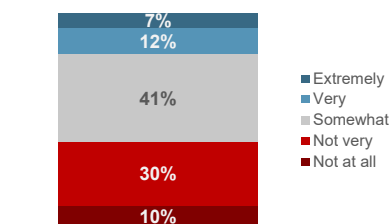
Adoption of practice to reduce carbon footprint



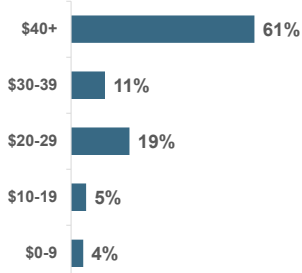
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Programs to incentivize carbon practices resonate among a small portion of farmers, but it comes with a high price per acre.

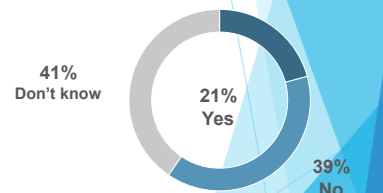
Likelihood to participate in carbon markets if paid



Amount paid per acre to participate



Adoption of climate change/carbon practices should lower crop insurance premiums

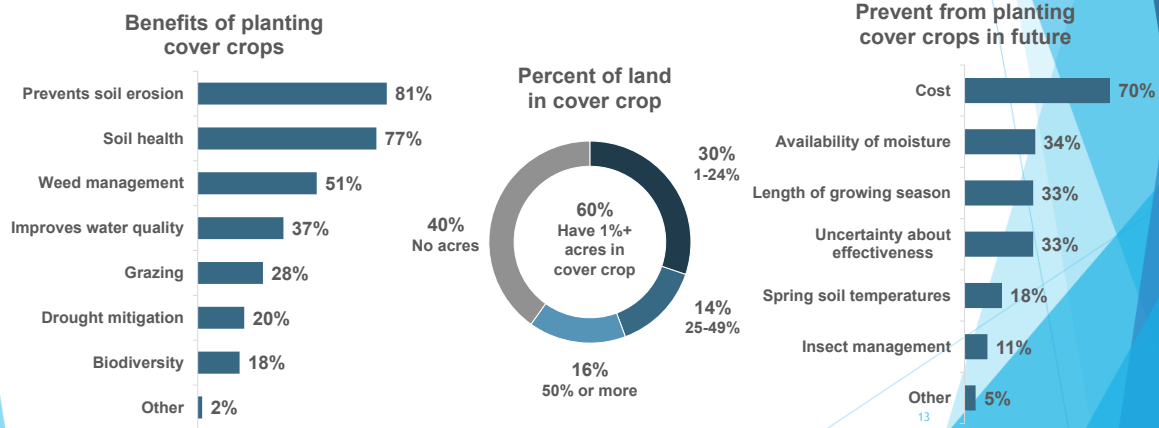


46% of those who say yes are extremely/very likely to participate in carbon markets if paid (compared to 10% of those who say no)

Source: Total Farmers/Ranchers (n=589)
How likely are you to participate in carbon markets, where you are paid to implement certain practices on your farm in exchange for reducing greenhouse gas emissions?
How much would you have to be paid per acre for carbon credits to participate in a program?
Do you believe that adoption of climate change/carbon practices should be linked to lower crop insurance premiums?

12

Soil integrity is the key benefit farmers recognize in planting cover crops. Cost is a barrier to planting cover crops in the future.



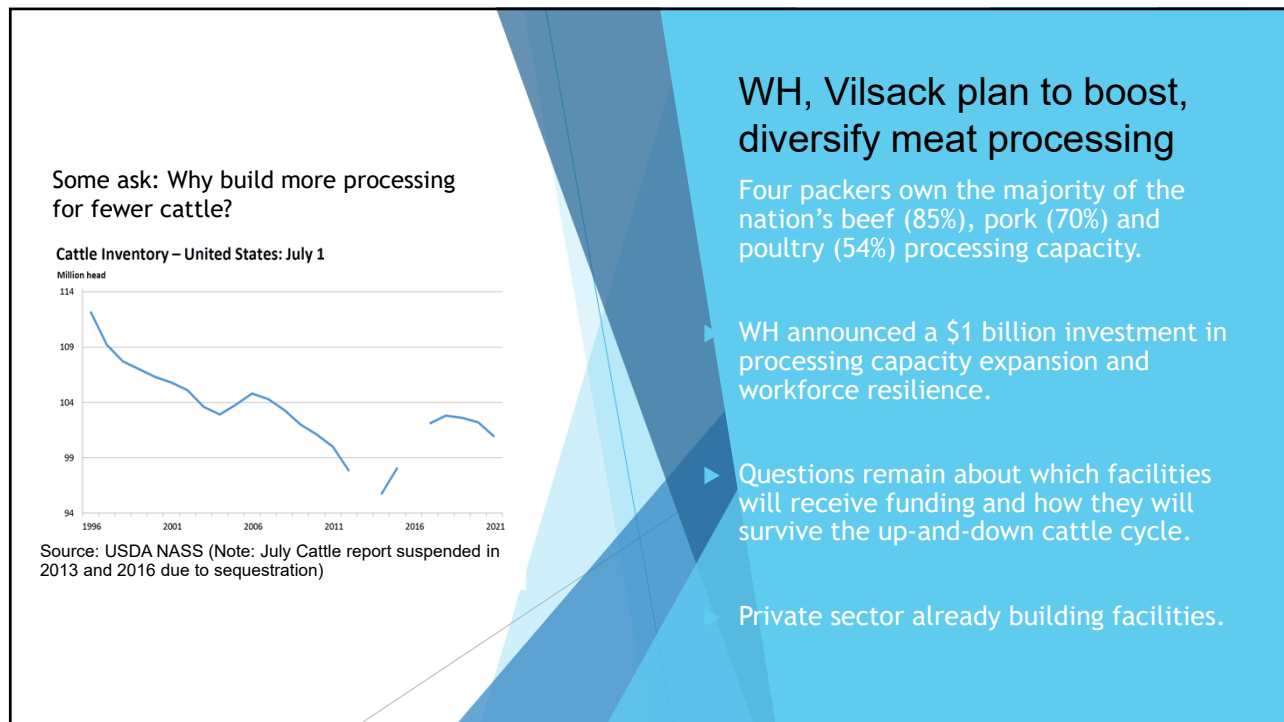
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Sec. Vilsack's agenda!

- ▶ Pandemic
- ▶ Racial justice and equity
- ▶ Climate change
- ▶ Concentration in Ag



14



15

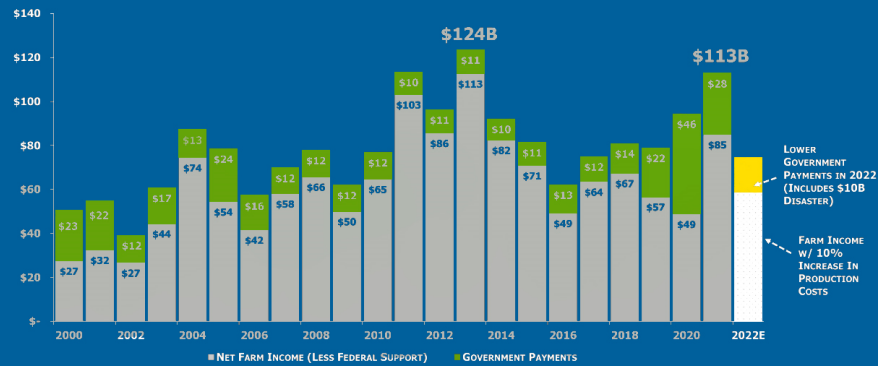
Time to write another Farm Bill?

- ▶ Current farm bill set to expire in 2023
- ▶ House and Senate Ag Committees expected to start hearings later this year.
- ▶ With market forces driving so much demand, what should be government's role?
- ▶ Mid-term elections add more uncertainty - Will the House or Senate flip to GOP control?
- ▶ Likelihood of new members understanding modern agriculture: Low.

16

FARM PROFITABILITY LIKELY TO BE SQUEEZED IN 2022

U.S. NET FARM INCOME, BILLION DOLLARS



17

How can you get involved?

- ▶ Start early!
- ▶ Educate yourself about the issues. (Start on www.Agri-Pulse.com)
- ▶ Talk to local representatives and U.S. Congressmen. Invite them to your farm.
- ▶ Engage with consumers in your local area through churches, Chamber of Commerce—you'll be amazed at what they do and don't know!
- ▶ Stay active in your organization.



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Thank you for your interest!



Sara@Agri-Pulse.com

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