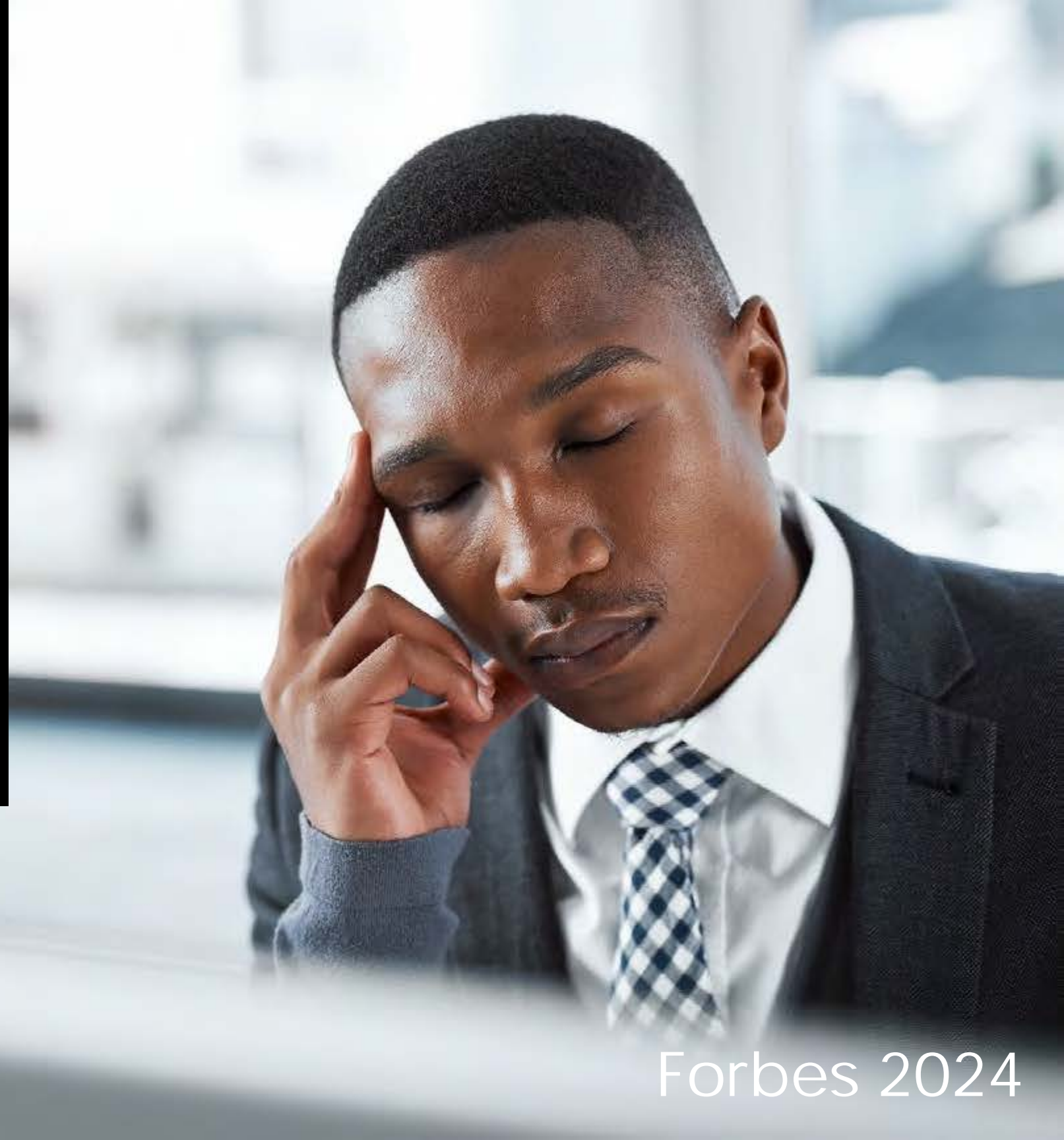


**77%**  
of employees  
worry that AI  
will take jobs



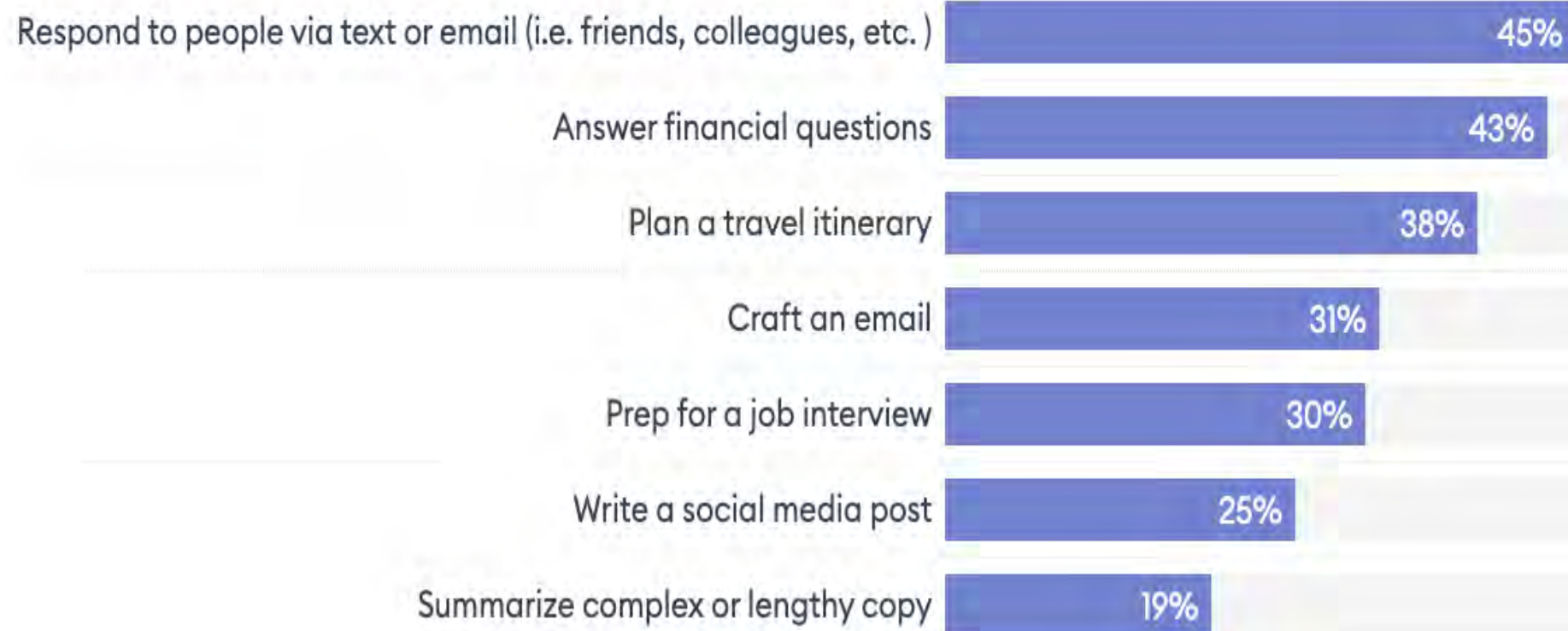
Forbes 2024



# Most Popular AI Uses in 2024

The most popular AI uses include responding to messages, answering financial questions, planning travel itineraries and crafting social media posts as its versatility transforms everyday tasks.<sup>[7]</sup>

## Most Common Way Consumers Plan to Use Artificial Intelligence



43%

of businesses are  
concerned about  
technology dependence



# Inflation and Monetary Policy Outlook

## Global Inflation Easing

Overall price pressures expected to moderate worldwide, though US inflation remains stubbornly above central bank targets

Interest rates likely to decline cautiously, supporting growth while maintaining vigilance against inflation resurgence





# Geopolitical Risks for the American Agriculture Industry in 2025

# US-EU Tariff War: Agriculture Caught in the Crossfire

## April 2025 Escalation

The US reinstated 25% steel and aluminum tariffs on the European Union, prompting immediate EU retaliation with 25% tariffs targeting \$21 billion worth of American agricultural exports.

- Soybeans and corn ethanol
- Tree nuts and whiskey
- Processed food products

The EU rapidly pivoted to Brazilian suppliers, with soybean imports from Brazil surging 82% year-over-year in 2024, while US exports to Europe declined sharply.

Result: US farmers face shrinking EU market access and intensifying price pressure as global trade patterns realign away from traditional American export channels.

25%

Tariff Rate

Applied to US ag exports

\$21B

Trade Impact

Value of targeted exports

82%

Brazil Surge

EU soybean imports YoY



# China's Retaliatory Tariffs and Trade Barriers

## Comprehensive Tariff Wall

China imposed sweeping 34% tariffs on all US imports in 2025, layering additional levies on top of existing duties targeting chicken, wheat, corn, soybeans, pork, beef, and fruit exports.

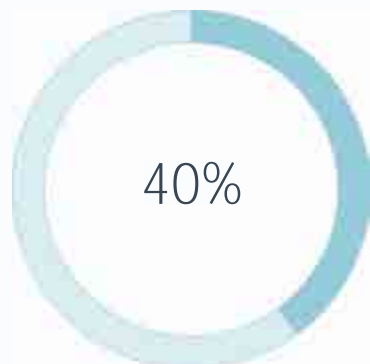
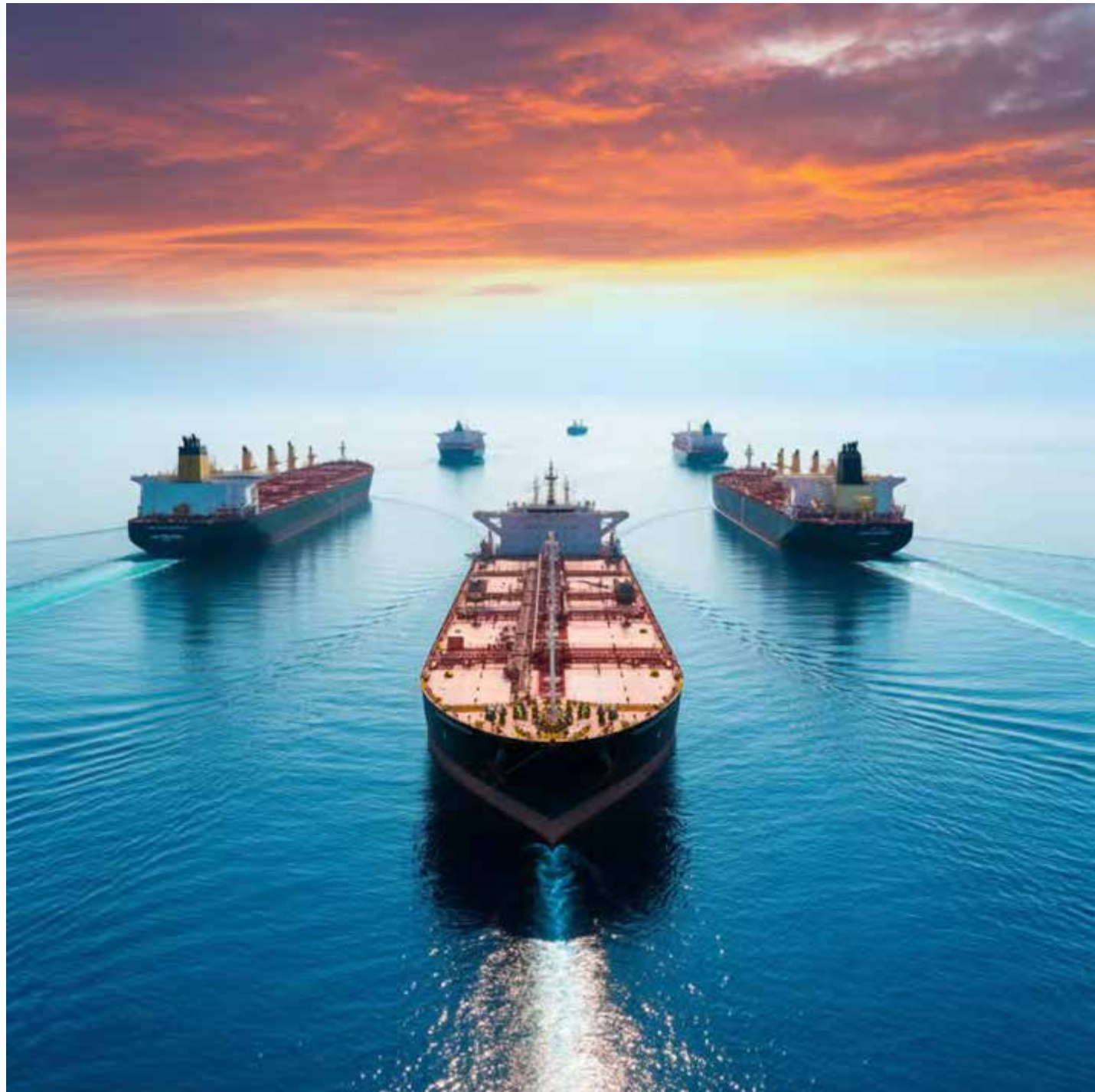
## Market Disruption

Escalating tariffs severely disrupt key export channels, forcing American producers to seek alternative international buyers while facing fierce global competition.

## Strategic Uncertainty

Ongoing US-China strategic competition creates persistent uncertainty over future trade policies, supply chain reliability, and long-term market access for American agricultural products.

# Supply Chain Vulnerabilities and Energy Price Shocks



Urea Fertilizer  
Global trade at risk through Hormuz



LNG Supply  
Liquefied natural gas threatened



Price Increase fertilizer



# Climate Change and Extreme Weather: A Growing Threat

## → Intensifying Heat Waves

US heat waves have tripled since the 1960s, with longer and more intense seasons causing severe crop damage during critical growth stages and threatening yields.

## → Extreme Weather Events

Increased frequency of droughts, devastating floods, and severe storms in 2025 that disrupted both planting schedules and harvest cycles.

## → Market Volatility

Climate-driven yield volatility amplifies market uncertainty and triggers price swings, stressing farmers' profitability and long-term planning capacity.



# Domestic Policy Uncertainty and Rural Economic Challenges

## Election Impact

2024 US election introduced shifts in trade agreements, immigration enforcement, and energy policies—all directly affecting agricultural operations and market access.

## Labor Concerns

Immigration issues risk creating severe labor shortages in agriculture.

## Economic Pressure

Rural economies face heightened volatility amid fluctuating commodity prices, rising input costs, and uncertain policy directions impacting farm viability.

## Key benefits for farmers in the One Big Beautiful Bill

### 1. Crop insurance & risk mitigation improvements

- The bill *increases the government's share of crop-insurance premiums* by 3–5 percentage points across all farmer-selected coverage levels. [Farm Bureau+2Center for Agricultural Law and Taxation+2](#)
  - For beginning farmers/ranchers: expanded premium assistance, and extension of the “beginning farmer” status from 5 to 10 years. [Center for Agricultural Law and Taxation](#)
  - Area-based insurance plans: maximum coverage level raised to 95 %, and premium subsidy raised from 65 % to 80 %. [Farm Bureau+1](#)
- Implication: This strengthens the risk management “floor” for farmers, making them more resilient to adverse yield/price shocks. Good from a leadership/strategy lens.

### 2. Tax & succession planning benefits

- The bill introduces several tax benefits: for example, the ability to spread tax payments over four years on certain farmland sales. [Farm Credit East+1](#)
- Estate tax exemption is locked at \$15 million per person for these farms. [Farm Credit East](#)
- Pass-through deduction (QBI) becomes permanent for many, which helps farm businesses structured as pass-through entities. [Farm Credit East+1](#)
- The bill also prevents the “death tax” (estate tax) from hitting family farms — according to USDA press release, this benefits ~2 million farm families. [USDA](#)

Implication: For leadership in the farm business (and potentially for community banking or credit unions that serve them), this enhances options around generational transition, investment, and business form decisions.

### 3. Commodity program (price floors/support) enhancements

- The law increases statutory reference prices (price floors) for commodity crops such as corn, wheat, soybeans. [NCSL+1](#)
- Additional spending on crop insurance and disaster relief: e.g., the bill increases subsidies and coverage options. [American Enterprise Institute+1](#)

Implication: This provides a stronger safety net for commodity producers, which may shift their strategic calculus around planting, investment, and capital expenditures.

# Global Food Security Crisis and Its Ripple Effects

300,000,000

People at Risk  
Facing acute hunger globally



## Compounding Crises

In 2025 due to armed conflict, climate disasters, and economic instability.

## Supply Disruptions

Ongoing conflicts in Ukraine and across the Middle East severely exacerbated global grain shortages and fertilizer supply constraints, straining international food systems.

## US Pressure

American agriculture faces mounting pressure to meet rising global food demand even as international humanitarian aid budgets shrink and geopolitical tensions limit trade flows.



# Strategic Adaptations & Opportunities for US Agriculture



## Production Strategy

US farmers are increasing corn acreage in 2025 to capitalize on global stock replenishment needs, despite facing lower commodity prices and market uncertainty.



## Technology Investment

Strategic investments in cold chain logistics, digital traceability systems, and sustainability practices help meet increasingly strict export market requirements and quality standards.



## Trade Diversification

Regional trade partnerships including USMCA offer crucial diversification opportunities to reduce dangerous reliance on volatile traditional markets.

# Navigating Risk to Secure America's Agricultural Future

## Unprecedented Challenges

Geopolitical risks in 2025 present the most complex challenges in decades, but simultaneously drive critical innovation and strategic realignment across the industry.

## Resilience Framework

Build robust resilience: managing supply chain shocks, adapting operations to climate impacts, and actively engaging emerging international markets.

## Path Forward

American agriculture industry - strategically leverage policy insight, advanced technology, and strong global partnerships to not just survive but thrive amid profound uncertainty.





# The Good: Opportunities in Global Realignment

# Emerging Opportunities from Global Shifts

Global realignments create openings for domestic agriculture, new market access, and strategic investments.

## Reshoring and Domestic Investment

- Manufacturing returning to North America increases demand for domestic agricultural products
- Supply chain localization drives infrastructure investment in rural areas
- New processing facilities and value-added operations closer to production

## Agricultural Innovation Acceleration

- Technology adoption accelerating as labor issues persist
- Precision agriculture and automation creating efficiency gains
- Sustainability initiatives opening premium market opportunities



# Positioning for Growth

Forward-thinking lenders are already identifying borrowers best positioned to capture these opportunities.



**COVID-19  
ESSENTIALS**







# The Bad: Pressures on Borrower Resilience

# Inflationary Pressures and Cost Escalation



## Input Cost Increase

Average rise in fertilizer, fuel, and equipment costs since 2020, squeezing profit margins across all operation sizes.



## Labor Cost Growth

Year-over-year wage increases as rural labor markets tighten and competition for skilled workers intensifies.



## Land Value Appreciation

Cumulative increase in farmland values creating equity but also succession planning and tax challenges for families.

These persistent pressures are fundamentally altering borrower financial profiles and stress-testing business models that worked for decades.

# Global Instability and Market Volatility

Ongoing conflicts in Eastern Europe, the Middle East, and other regions create unpredictable commodity price swings. What appears as opportunity one quarter can become a crisis the next as export corridors shift, currencies fluctuate, and buyer relationships destabilize.

Regional conflicts disrupt:

- Traditional export markets and established trade relationships
- Energy costs and availability affecting production and transportation
- Currency stability impacting international competitiveness
- Investment confidence and long-term planning horizons



# The Labor Shortage Reality

Perhaps no challenge is more immediate or intractable than the rural labor shortage. Immigration policy debates, demographic shifts, and urban migration patterns have created a structural deficit in agricultural labor that technology alone cannot yet solve.

01

## Operational Constraints

Producers unable to expand or even maintain current production levels despite strong demand.

02

## Financial Pressure

Rising wages and benefit costs without corresponding productivity gains eroding profitability.

03

## Credit Quality Impact

Labor-dependent operations facing declining performance and increased refinancing needs.

