Improving Risk Management Tools and Access to Capital Markets to Enhance the Competitiveness of Florida Agriculture

Summary

Production agriculture is a sector uniquely affected by production risk outside the control of producers. Agricultural output is typically at the mercy of weather, even when production practices such as irrigation are available. This program examines the effect of agricultural policy and trade policy on risk in agriculture. These impacts reflect federal and state agricultural policy or programs designed to directly mitigate risk (e.g., crop insurance and price stabilization policies) and indirectly (e.g., policies regarding interest rates and capital markets). Traditional risk management instruments (such as crop insurance) have largely neglected specialty agriculture such as citrus, vegetables, and ornamental crops. Further, these specialty crops raise unique problems. For example, citrus crops have lengthy production cycles linked to tree growth. In addition to risk management instruments such as crop insurance, capital markets provide mechanisms for managing agricultural risk. Specifically, capital markets allow for the control of risk through diversification. However, markets may also imply added risk for agriculture. For example, in Florida, agriculture must compete directly with urbanization for farmland. Thus, variations in farmland markets may reduce the competitiveness of Florida's agriculture by raising the opportunity cost of farmland. The purpose of this program is to assess the impact of state, federal, and international policies on the sources of capital funds and risk management strategies in Florida agriculture.

Projects

o Assessment of the Potential for Specialty Crop Insurance
o Modeling Representative Florida Specialty Crops
o Risk Balancing Strategies For Florida Dairy Producers
o Crop Insurance and Trade: Application to Horticultural Crops

Researchers

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