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R I G H T R I S K N E W S

Tariffs and Risk Management Strategies in Times of Uncertainty

If you've noticed prices jumping around more than normal or fewer buyers showing up for your products, you're not alone. Global trade is currently in a state of turmoil. Governments are raising tariffs—special taxes on imported or exported goods—and the impacts are being felt across farm and ranch country.

Recently, the United States raised tariffs on Chinese imports and China has vowed to strike back. At the same time, new tensions with Canada are creating ripple effects in everything from beef to investment markets. For folks who depend on commodity markets to sell crops or livestock, this kind of uncertainty can make decision-making downright stressful.

The good news? You don't have to just wait and hope. There are solid, simple strategies you can use to manage this kind of risk.



What Are Tariffs and How Do They Work?

A tariff is a tax that a country places on goods imported from another country. Governments sometimes use tariffs to reduce trade imbalances by discouraging imports and encouraging domestic production, which can help narrow the gap between a country's imports and exports. By making imported goods more expensive, tariffs aim to give local businesses a better chance to compete—though they can also lead to higher prices for consumers and potential trade tensions. When one country adds tariffs, the other often retaliates. For instance, China responded to U.S. tariffs with its own on soybeans and pork. That left U.S. producers scrambling to find new buyers—often at lower prices.

Tariffs affect more than crops. Machinery, fertilizer, livestock, and feed ingredients are all part of this puzzle. A U.S. cow-calf operator who depends on Canadian feed or vaccines, for example, might see cost spikes if those items face new tariffs. In short: tariffs may sound like a government issue, but they can really hit the pocketbook on your farm or ranch.

How Tariffs Affect Agricultural Markets

When tariffs hit, market risk rises. Market risk means price changes, buyer uncertainty, and demand shifts. For ag producers, that often shows up in lower prices at harvest or sales time, or in reduced contract opportunities.

Tariffs also bring institutional risk—the kind that comes from government policy changes. When rules change suddenly, businesses have to scramble to keep up. A contract that made sense two months ago might no longer pencil out.

These risks can affect:

- What you plant or raise.
- Who you sell to and at what price.
- How you time your marketing or feeding decisions.
- Even small operations that don't export directly can be impacted by ripple effects in the broader markets and supply chains.

How Much Risk is Right for You?



Risk Management Strategies for Times of Trade Uncertainty

Let’s be clear: you can’t eliminate risk entirely. But you can take smart steps to manage it. The RightRisk team outlines five main ways to do this:

1. Avoid the Risk

Sometimes the best move is to step away from the problem:

- Avoid crops or products heavily tied to export markets during periods of trade instability.
- Shift toward enterprises less influenced by global buyers, like local food sales or value-added products.
- Consider reducing production scale for high-risk commodities, especially if storage or transport is costly.

This is about managing exposure. If you don’t grow it, you don’t risk the losses tied to it.

2. Transfer the Risk

You can share risk with others by using tools like:

- Crop insurance (such as revenue protection or yield-based plans).
- Livestock insurance programs like Livestock Risk Protection (LRP).
- Forward contracts or hedging tools to lock in pricing before tariffs affect markets.

Transferring risk doesn’t remove uncertainty—but it can protect you from the worst outcomes.

3. Control the Risk


This is where good management shines:

- Diversify your operation — grow more than one crop or combine livestock and crop enterprises.
- Keep feed, hay, or cash reserves on hand.
- Maintain flexibility in your budget and marketing so you can adjust quickly.

Control also means staying informed. Pay attention to tariff announcements, crop reports, and trade policy changes from the United States Department of Agriculture (USDA) or the United States Trade Representative (USTR). Being caught off guard can be costly.


Decisions

- The outcome of a process that selects a preferred option or a course of action
- Made from among many alternatives, which may lead to the same outcome
- However, each alternative has its own unique set of resource requirements and oversight



Strategies

- The means by which the business intends to use resources to reach the ends they desire
- Include one or more goals, resources, and a method or approach for action
- Require multiple decision points to bring them to conclusion



4. Increase Capacity to Bear the Risk

Think long-term resilience:

- Build financial reserves when times are good.
- Invest in tools or facilities (like on-farm storage or direct-marketing channels) that give you more control over timing and pricing.
- Improve cost-efficiency—lowering breakevens helps you weather low-price periods better.

A strong balance sheet helps you survive when others are forced to sell out.

5. Accept the Risk

Some risk is simply part of doing business:

- If the cost of controlling or transferring risk is too high—and the threat is low—you may choose to self-insure.
- Just be sure you’re doing it by choice, not by default.

Risk comes with opportunity. But it’s only a good gamble if you’ve thought it through.

Make a Plan Before Uncertainty Hits

Uncertainty is part of agriculture, but tariffs and trade shifts add a whole new layer of complexity. You don’t need to be an economist to manage these risks—but you do need a plan.

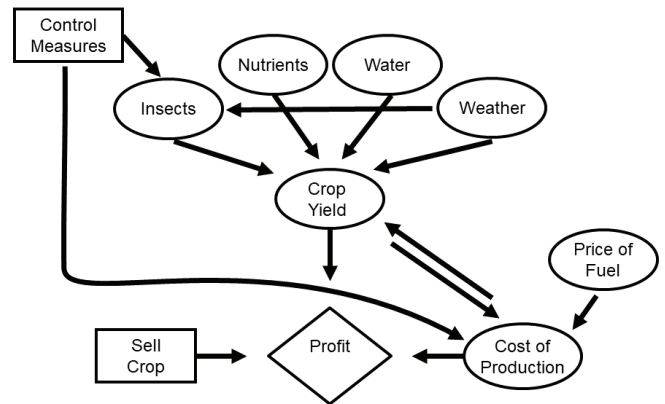
Start by identifying which parts of your operation are most vulnerable to trade shocks. Then, use the five strategies outlined above to decide how best to respond. The goal isn’t to avoid all risk—it’s to prepare so your business can keep going even when the global markets turn rough.

Want to Go Deeper?

For a more complete look at how to understand, evaluate, and manage risk in agriculture, check out the free online courses and eBooks available at [RightRisk.org](https://www.RightRisk.org):

- Understanding Risk in Agriculture – Learn what risk really means and how to approach it with confidence
- Enterprise Risk Analysis – Focus on individual enterprises and how to manage risks within each part of your operation
- Evaluating Risk Strategies – Understand how to compare strategies, measure risk impacts, and choose the right tools for your operation

These resources were built for producers like you—practical, straightforward, and focused on real-world decisions. Take the time to review them. You'll find tools and tips that make your business stronger in any market, no matter how uncertain.



References

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NEWS RELEASE - MARCH 6 | RIGHTRISK

Federal Reserve Beige Book Summary on the Agricultural Sector

OVERALL ECONOMIC ACTIVITY rose slightly since mid-January. Six Districts reported no change, four reported modest or moderate growth, and two noted slight contractions. Consumer spending was lower on balance, with reports of solid demand for essential goods mixed with increased price sensitivity for discretionary items, particularly among lower-income shoppers. Agricultural conditions deteriorated some among reporting Districts. Overall expectations for economic activity over the coming months were slightly optimistic . . .



NEWS RELEASE - MARCH 12 | RIGHTRISK

AG FINANCE UPDATE: Farm Real Estate Values were Steady in 2024

AGRICULTURAL REAL ESTATE VALUES in the Midwest and plains states were flat through the end of 2024. According to Federal Reserve Surveys of Agricultural Credit Conditions, the value of nonirrigated cropland was generally unchanged from a year ago in most participating Districts. The more pessimistic outlook for agricultural land values coincided with tightening in farm financial conditions throughout the year. Farm income and liquidity in the region continued to decline at a sharp pace . . .

NEWS RELEASE - MARCH 19 | RIGHTRISK

BLS Agricultural Wages: County Level in CO, NE and WY

The BUREAU OF LABOR STATISTICS compiles data on the number of establishments, monthly employment, and quarterly wages. Reports for NAICS agricultural sector codes have recently been compiled and released, providing county-level data for Colorado-Q3, Nebraska-Q3, and Wyoming-Q3 . . .

For more see: [RightRisk.org/News](https://www.RightRisk.org/News)

HIGHLIGHTED COURSE: *RISK SCENARIO PLANNING*

A course covering: Introduction to Risk, Risk Strategies, Case Studies: Gates Creek Land & Livestock, Case Studies: Big Country Farms, Case Studies: Bell Livestock, Case Studies: Z-F Ranch, Risk Scenario Planning Tool Overview, Expectations About the Future, Risk Management Framework, resource links for further research, and many other features.



For More Information on Risk Scenario Planning in agriculture, see:
RightRisk.org/Courses

	March 4 Social Media Post <i>¿Cuáles son los reglamentos Estado Unidenses para el trabajo de menores en agricultura?</i>		March 20 Social Media Post <i>Harnessing the Power of Partial Budgeting in Agriculture</i>
	March 6 Social Media Post <i>Comparing Conventional and Strip-till Tillage Systems</i>		March 25 Social Media Post <i>Basic Financial Statements</i>
	March 11 Social Media Post <i>Getting On Track: Better Management Through Basic Ag Records</i>		March 27 Social Media Post <i>Every Drop Counts: Allocating Scarce Irrigation Water</i>
	March 13 Social Media Post <i>Cultivating Prosperity: Unlocking the Six Factors of Profit with RD Financial</i>		Check our newest series - a post every Wednesday covering agricultural labor management issues from AG HELP WANTED: Guidelines for Managing Agricultural Labor
	March 18 Social Media Post <i>¿Cuál es la Ley de Normas Justas de Trabajo en agricultura y cómo se aplica a mí?</i>		

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for you and your operation?*

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innovative and effective risk management solutions*

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