Get Ready to Pay More for Domestic Farm-Goods - Potential Food Shortages on the Horizon

October 20, 2021 - There is no doubt that supply chain issues are having an impact on prices for imported goods. But you might think that they won't impact domestically produced items such as farm goods to quite the same degree. But the supply chain is a funny thing. Soon, Americans are likely to learn a very hard lesson. That offshoring all of your manufacturing to other nations just to reduce price in the short term can actually be a very expensive long-term mistake.

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Nationwide, farmers are facing some very real issues associated with the supply chain. Not the least among those is the fact that they are having trouble getting parts for farm equipment.

Most Americans... especially city dwellers... don't think too much about farm equipment. You go to the store and take for granted the fact that you'll find frozen veggies and fresh fruit on the shelves, but you don't think about the fact that someone had to grow those items and then use industrial equipment to harvest them. Then they had to use other equipment to sort and ship them to market.

Unfortunately, a lot of that equipment is either produced overseas or is dependent upon parts that are manufactured there. And domestic producers of farm equipment such as John Deere are also facing labor issues that are exacerbating the problem. Last week, 10,000 Deere workers went on strike.

All of this adds up to a disaster for farmers and it will lead to higher prices in stores. And if enough farmers run into equipment issues like those mentioned here, there is a very real possibility of food shortages across the country. Welcome to North Venezuela!

Farmers across the country are attempting to deal with these issues but it is costing them. Used combines and tractors now cost as much as 50% more than they did just two years ago. In fact, used equipment such as this is now often selling for more than it did when it was new. And that trend is likely to continue.

The bottom line here is that food prices are going to go up... perhaps significantly... in the short term. So you may want to stock up now. It could be a long, expensive and potentially hungry winter.

by Jim Malmberg
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