Impact of the July 2025 U.S.–EU Trade Deal on a Family Farm in Łomazy, Poland

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Executive Summary

A framework deal reached in late July 2025 set a uniform 15% U.S. tariff on most EU goods [1,2], opened tariff-rate quotas for selected non-sensitive U.S. agri-foods [2,3], and included an EU pledge to make large U.S. energy purchases over the next three years [3,4,5]. EU food-safety standards remain intact for imports [7].

For the Łomazy farm (~60% cereals revenue), we expect 5–10% pressure on grain bids as additional North-American supply hits the EU market, modest rapeseed headwinds from cheaper soy-oil competition, and small savings on diesel/fertiliser if LNG prices ease. Base case: turnover −PLN 20–25k with margin compression of ~3–5 pp; tail-risk remains if quotas or enforcement mirror past import-glut episodes that fueled Polish farmer protests in 2024 [8,9,10].

Farm Profile (2025)

Item	Details
Location	Łomazy, Lubelskie, Poland (≈15 km from the Belarus border)
Land base	45 ha owned + 12 ha rented (57 ha total)
2025 Crop mix	Winter wheat 25 ha • Rye 8 ha • Spring barley 6 ha • Rapeseed ≈7 ha • Potatoes 8 ha • Sugar beets 4 ha • Orchard (apples & plums) ≈2 ha
Sales channels	Grain to local co-op & traders • Potatoes: 40% processor (Biała Podlaska), 30% local markets, 30% farm-gate • Sugar beets under contract • Apples to a Lublin juicer
Assets & labour	Two Soviet-era tractors, one newer Zetor, basic tillage kit, 400-t grain store (EU-funded 2019) • Family labour + 1 hired hand
Finances (baseline)	≈ PLN 400k turnover; operating margin ~17%; CAP direct payments steady

Deal Overview (What Changed)

- 15% “baseline” U.S. tariff applied to most EU exports [1,2]
- New TRQs for non-sensitive U.S. farm goods (e.g., grains/seed/soy-oil/assorted processed foods); sensitive areas like sugar, poultry, beef and dairy remain protected [2,3]
- EU pledge to buy large volumes of U.S. energy (LNG, oil, nuclear fuel/tech), likely affecting farm input costs and feed markets [3,4,5]
- EU food-safety standards remain in force (GMO/hormone rules unchanged) [7]
- Quota tonnages and templates will be refined through late 2025—expect price volatility into the next marketing year [2,3]

Impact Analysis — Item by Item

Deal item	EU-market consequence	Effect on farm	P&L impact (12-mo)
U.S. grain TRQs (wheat/corn/barley/seed) [2,3]	Extra North-American grain depresses EU spot prices; co-ops likely trim bids 5–10%.	Cereals (~60% of revenue) face lower bids at harvest; storage helps only if carry covers costs.	−5% to −10% grain price; revenue ↓ ≈ PLN 15k–30k; margin could slip from ~17% to ~12%.
U.S. soybean-oil access [2,3]	Soy-oil competes with EU rapeseed oil; crushers’ margins tighten.	7 ha rapeseed may see weaker bonuses/tighter quality specs; consider forward premiums for high-oil seed.	−3% to −8% rapeseed price; revenue ↓ ≈ PLN 2k–5k.
$750bn EU pledge for U.S. energy (LNG/oil/ethanol) [3,4,5]	More U.S. ethanol (extra DDGS) may soften feed-barley demand; cheaper gas could cap fertiliser & diesel prices.	Feed-barley premiums narrow; but fuel/fertiliser savings partly offset.	Inputs −1% to −3% (savings ≈ PLN 0.5k–1k).
Sensitive products shielded (sugar, meat, dairy) [2,3]	Tariff walls remain; limited immediate impact on EU prices.	Sugar-beet contract price stable; local feed demand steady.	Neutral / stabilising.
Precedent: 2024 import-surge episode [8,9,10]	Poorly managed inflows can crater prices and spark protests.	Plan for a tail-risk wheat-price slump scenario.	Tail-risk: profit ≈ break-even without aid.

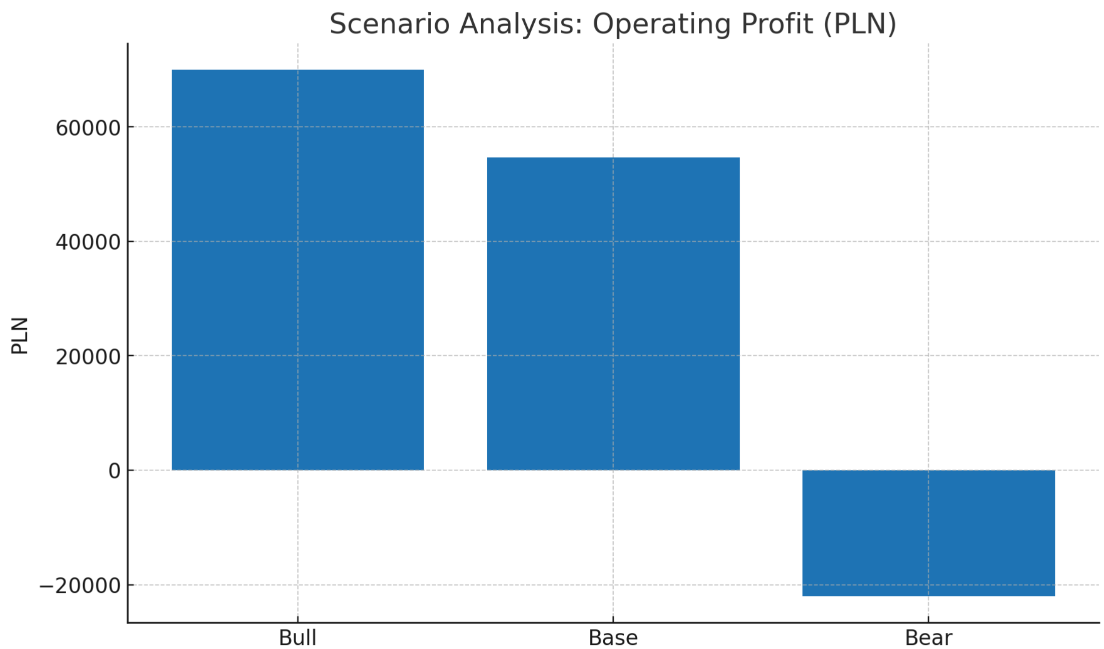
Scenario Analysis (12-Month Outlook)

Baseline turnover: PLN 400,000; baseline operating margin: 17% (profit ≈ PLN 68,000).

We model three scenarios using reasonable assumptions for price pressure on cereals and rapeseed, and input savings from cheaper energy.

Scenario	Revenue (PLN)	Operating Profit (PLN)	Operating Margin
Bull	392,000	69,960	17.85%
Base	380,000	54,640	14.38%
Bear	300,000	-22,040	-7.35%

Chart: Scenario profit outcomes



How the Deal Plays Out on the Ground

Grain marketing With co-op bids already signalling a 5–10% trim, forward-selling some wheat before U.S. shipments hit European ports becomes attractive. The 400-t silo still adds value—allowing sales during winter feed-grain rallies—but only if carry covers storage, drying and interest costs.

Input budgeting If U.S. LNG tames European gas prices, ammonium-nitrate quotes could ease by 50–90 PLN t^{-1}, but currency risk looms: a weaker złoty versus the dollar can erase part of the saving. Timing bulk diesel purchases just after peak harvest demand (September) maximises any benefit. [3,4,5]

Rapeseed logistics Crushers may tighten quality specs to match cheap U.S. soy oil; ensuring rapeseed is dried below 8% moisture and stored cool limits FFA penalties. Consider forward contracts with crushers offering bonus structures for high-oil seed. [2,3]

Potato & orchard diversification Local consumer demand may soften if neighbouring farms' incomes fall, but branded 10-kg washed potato bags and a farm-gate apple-plum juice can capture loyal customers who favour Polish-origin foods in the face of U.S. imports.

Labour & cash-flow Lower cereal income squeezes harvest-time liquidity. Keeping at least two months' variable-cost buffer (≈ PLN 60k) and sharing seasonal workers with neighbours can prevent wage bottlenecks.

Policy radar Polish farm unions showed in 2024 that protests can trigger emergency grain-storage subsidies. Remaining active in the producer group ensures early access to any new CAP crisis-reserve top-ups or national diesel rebates linked to the energy-purchase clause. [8,9,10]

Practical Steps to Cushion the Impact

1. Price Risk Management

- Forward-contract 25–30% of wheat and rapeseed before harvest, locking margins ahead of quota inflows.
- Use co-op minimum-price contracts to keep upside if markets rebound.

2. Storage Strategy

- Rotate at least one bay (≈150 t) out by late November, when many farmers lack drying capacity and prices often tick up.
- Blend lighter test-weight grain with premium lots to meet co-op specs and avoid discounts.

3. Cost Control

- Expand the input-purchase pool for fertiliser and diesel; negotiate shared tanker deliveries.
- Track tractor idling with simple fuel-log apps and tighten maintenance schedules to cut consumption.

4. Crop-Mix Tweaks (2026 plan)

- Trial 2 ha of lupins or fodder beans—CAP-bonused protein crops less exposed to U.S. imports—on lighter soils.
- Evaluate spring oats as a low-input cereal alternative for poorer rye ground.

5. Local Value-Add

- Enhance farm-gate storefront: visibility signs on the national road, QR-coded packaging telling the farm story, contactless payment.
- Co-brand an "Łomazy Orchard" apple-plum juice with the Lublin processor, targeting health-food shops.

6. Neighbour Collaboration

- Formalise machinery-sharing to spread repair costs and boost eligibility for EU small-machinery grants.
- Explore a micro-insurance pool for hail/drought, following the 2024 Lubelskie pilot scheme.

7. Stay Policy-Savvy

- Nominate a family member to track CAP reform and crisis-reserve announcements; file applications promptly.
- Feed local price data into producer-group lobbying efforts to secure any storage or fuel aid if cereal prices slump further.

Suggested 12-Month Timeline

• Aug–Sep 2025: Forward-sell tranche; secure diesel; book fertiliser if quotes soften.

• Oct–Nov 2025: Move first silo bay; evaluate winter bids; prep branding for potatoes/juice.

• Dec 2025–Jan 2026: Review input pool contracts; confirm spring crop trials; apply for grants if available.

• Feb–Mar 2026: Seed protein-crop trial; refine storage plan; renew insurance.

• Apr–Jun 2026: Monitor quota usage and local bids; adjust marketing cadence accordingly.

Notes & Assumptions

Figures reflect reasonable assumptions based on the farm's structure and publicly described features of the July 2025 U.S.–EU agreement. Shares assume cereals ≈60% and rapeseed ≈10% of turnover. Actual outcomes depend on local bids, FX, weather, and quota administration details.

Sources & Links

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