

April 25, 2018

## Chinese Sorghum Tariff Threatens Industry

China’s 179 percent tariff on U.S. sorghum imports comes after an antidumping investigation that concluded its domestic industry was “substantially damaged” by U.S. sorghum. Beijing began the investigation in February after the U.S. imposed tariffs on Chinese solar panels and washing machines. China’s tariff is the latest action in a series of escalating trade threats between the world’s two largest economic powers.

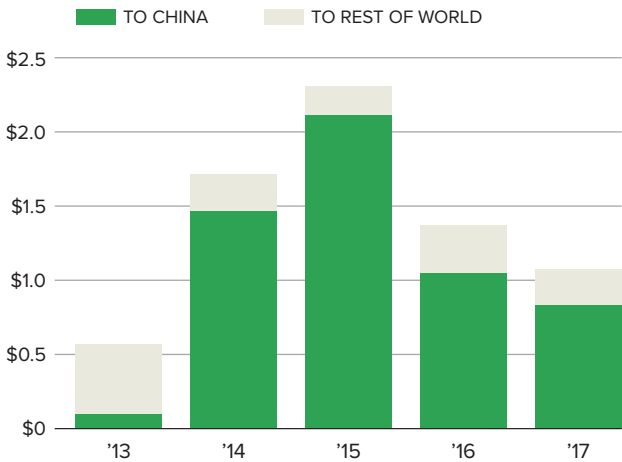
### U.S. Sorghum: Destination China

While Trump has criticized the U.S.-China trade gap, sorghum’s trade surplus is a bright spot in U.S. exports to China. The bulk of all U.S. sorghum shipments abroad — about \$1.1 billion worth — was imported by the Chinese in 2017.

Beijing’s retaliation could threaten top sorghum-producing states: Kansas and Texas. Both send a significant amount of sorghum to China by percentage and by dollar value.

“The Chinese really did their homework ... in thinking about this,” said Christopher Johnson, senior adviser at the Center for Strategic and International Studies. “Absolutely they would have thought through the ways in which they could make this as painful as possible” for the U.S.

U.S. sorghum exports, in billions of dollars



### Sorghum Farmers Waiting for Resolution on Sorghum Tariff

Kansas farmers, already facing low commodity prices and drought conditions, could be hurt the most by the tariff. Their state is the top sorghum producer in the U.S. and its economy relies on exports — Kansas leads all states with the greatest amount of sorghum shipped to China.

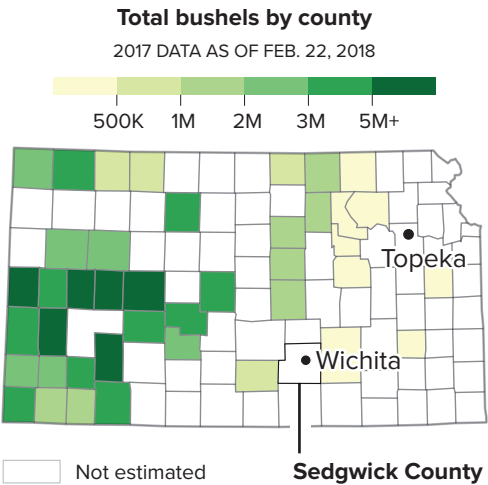
One farmer, Kent Winter from Sedgwick County, has “always” harvested sorghum, following his father, who started growing the cereal grain in the 1950s.

Winter said he was “greatly disappointed” with how the tariffs have been instated, but remained hopeful that trading relationships could be restored.

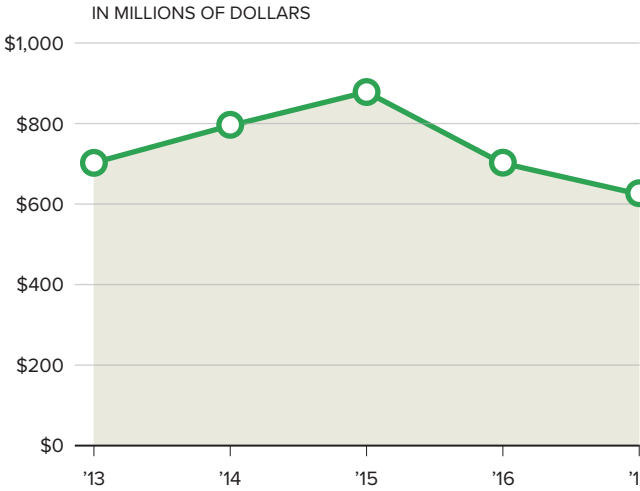
“Our industry spent a lot of resources, time, manpower and shoe leather in China developing this market over the last several years,” he said. “We had a good thing going. We had a win-win situation going.”

In a recent interview, Kansas Gov. Jeff Colyer declared the tariff as “a big blow to the Kansas economy.” The governor states he is working with U.S. trade representatives, USDA and Congress to “try to reverse” the tariff. “In the last three years, we’ve exported over \$400 million (sorghum) to China,” he says. “Any effort to restrict the ability to export sorghum hits the pocketbooks of farmers across Kansas.”

### Kansas sorghum for grain production



### Kansas sorghum production

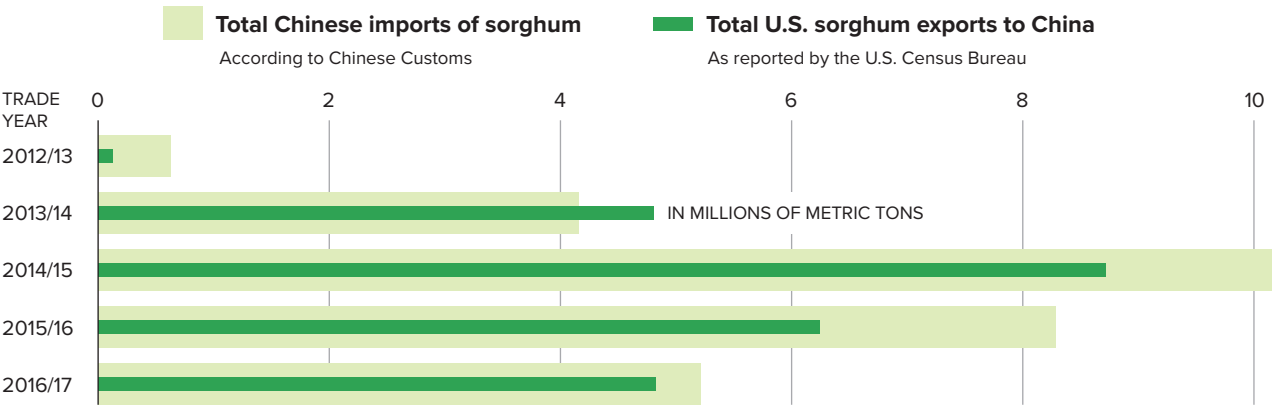


### Next Steps for Renegotiation Unclear

Both U.S. and Chinese negotiators may be keen to resolve the trade dispute because of the tariff’s effects. U.S. exports of sorghum, vital to some states’ economies, now account for a significant portion of the Chinese sorghum supply. Current unshipped sales of U.S. sorghum to China are likely to be canceled, effectively bringing imports to a halt. Alternatives to the grain, such as barley, are projected to increase. The Beijing-imposed

tariff could affect China, too. Trade experts predict the cost of feeding China’s own vast livestock sector will increase and might cause retail pork prices to inflate.

Despite the possible effects, the Trump administration has stood its ground. “We remain committed to protecting American agricultural producers in the face of retaliatory measures by the Chinese,” said Agriculture Secretary Sonny Perdue in an April 18 statement.



Sources: U.S. Census Bureau’s USA Trade database; USDA; National Agricultural Statistics Service; Foreign Agricultural Service; National Sorghum Producers; Center for Strategic and International Studies, Kansas Ag Network, Reuters, Associated Press

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