

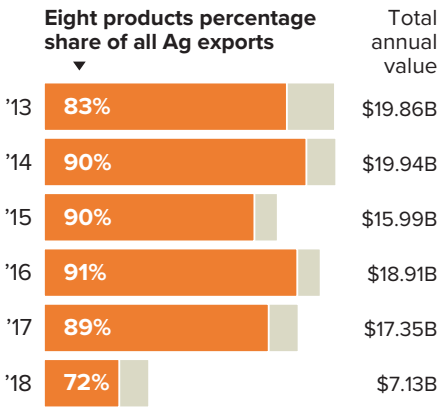
March 11, 2019

How U.S. Ag Exports to China Have Fallen on Tariffs

On March 1, President Donald Trump requested that China remove its retaliatory tariffs on U.S. agricultural products because of the progress he claims the two countries have made in the ongoing trade talks. “I have asked China to immediately remove all Tariffs on our agricultural products (including beef, pork, etc.) based on the fact that we are moving along nicely with Trade discussions,” Trump tweeted.

China has set tariffs on about 85 percent of all U.S. exports to the country, including agricultural products, such as fresh produce and soybeans. Tariffs have hit U.S. goods in four separate rounds: In April, July, August and September.

U.S. exports for a number of agriculture products have fallen significantly since tariffs came into effect. The USDA has implemented a \$12 billion trade aid program to offset losses for certain crops targeted by the tariffs.



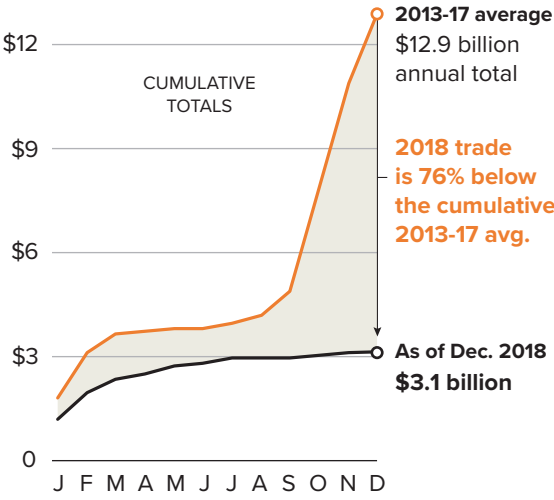
Eight products accounted for 72 percent of all U.S. agriculture exports in 2018

Soybeans — HS 1201

The U.S. has been a leading exporter of soybeans to China – more than half of U.S. soybean exports went to China in 2017 – though exports fell dramatically when China set a 25 percent tariff on soybeans in July.

China began making soybean purchases again in December and January as the two countries held talks to end the trade dispute. However, the purchases have yet to make up for earlier losses. “It was small potatoes compared to the export losses for the export season,” said Wally Tyner, a professor of agricultural economics at Purdue.

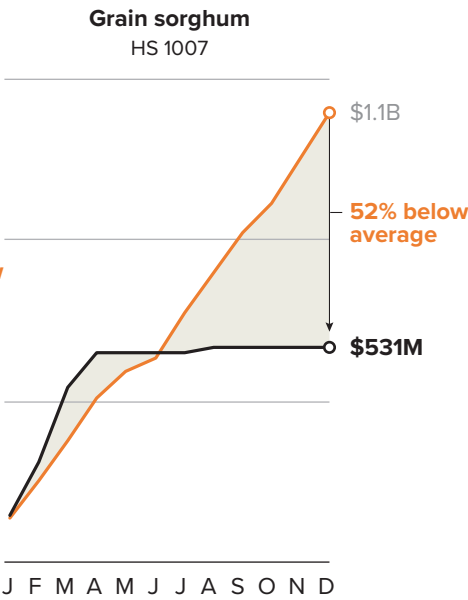
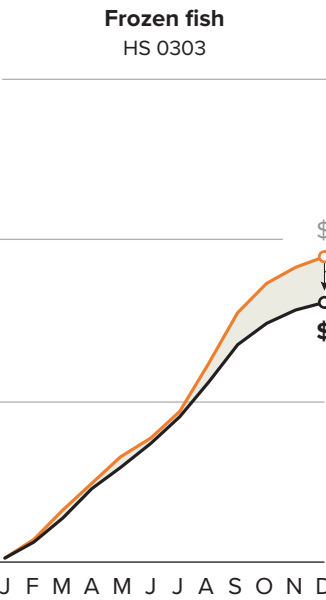
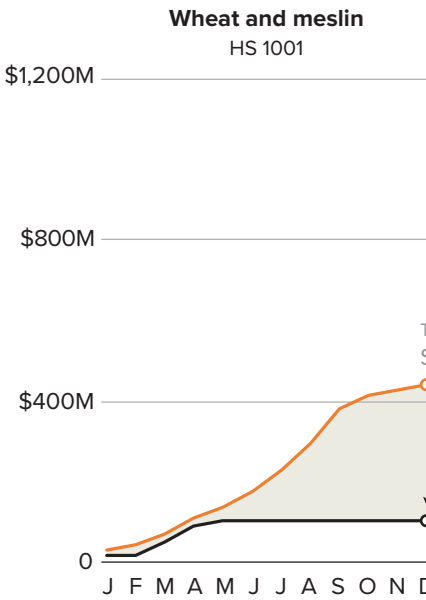
The USDA estimates that it will make payments totaling \$7.3 billion to soybean farmers as a part of its market facilitation program.



U.S. exports worth \$400 million to \$1.2 billion, annually

China set a 25 percent tariff on certain wheat, sorghum and frozen fish in July. Wheat and sorghum exports to China have been more significantly affected by the tariffs than have fish exports. As a part of its market facilitation program, USDA expects to make total payments of \$313 million and \$238 million to sorghum and wheat farmers, respectively.

2013-17 average 2018 actual



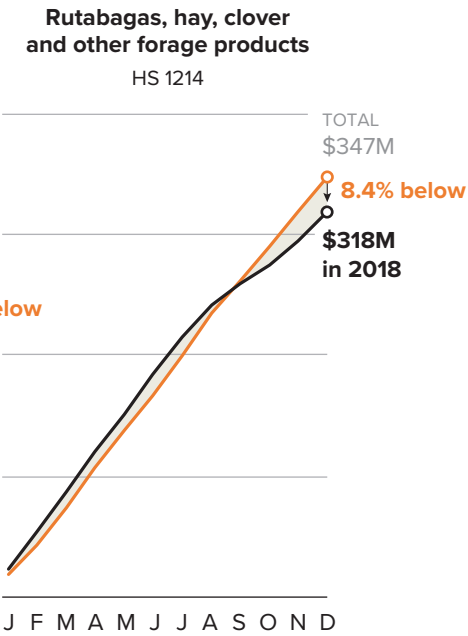
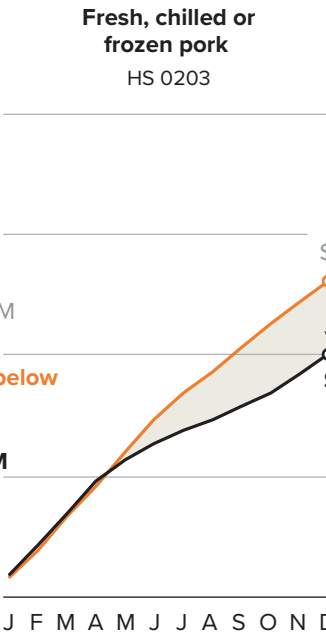
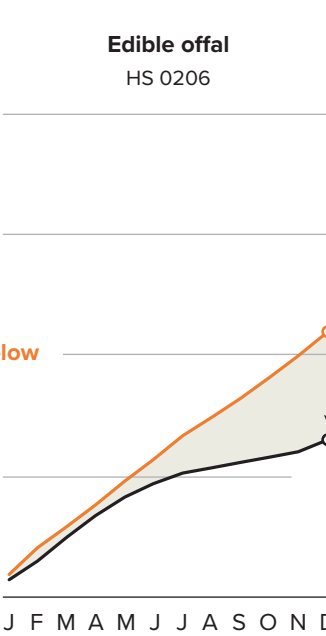
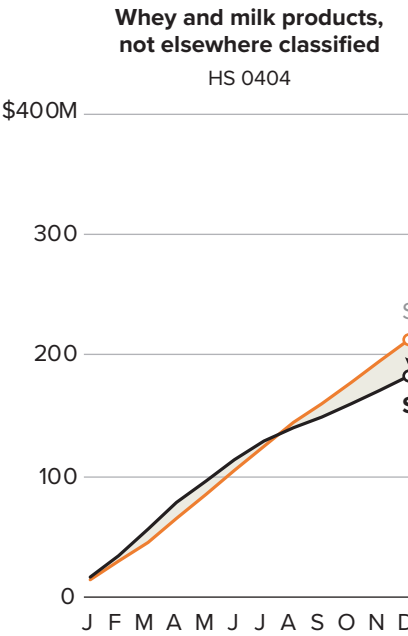
U.S. exports worth \$200 million to \$400 million, annually

China set a 25 percent tariff on certain alfalfa, rutabagas, whey and natural milk in July — the government also set 25 percent tariffs on a variety of pork and offal products in April and July.

“Dairy product [exports] were record large – cheese and milk – and then all of a sudden ... it just collapsed,” said Dan Basse, president of AgResource, a commodity analysis firm. The decline in Chinese demand for certain products “has been really felt,” he said.

USDA estimates payments of \$580 million to hog farmers and \$255 million for dairy products as a part of the market facilitation program, and estimated it would purchase \$85 million in dairy products and \$559 million in pork products as part of the food purchase program.

2013-17 average 2018 actual



Sources: USA Trade Database, USDA, U.S. Census Bureau, Congressional Research Service, Squire Patton Boggs, Purdue University
By Taylor Miller Thomas, POLITICO Pro DataPoint

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