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Reflections on U.S. Agricultural Trade Policy Approaches to China

May 3, 2021

These are Nebraska pigs!

Agenda

- **U.S. Trade Strategy in the Post War Era**
- **China and Agricultural Trade**
- **Institutionalists, Unilateralists and the Current Moment**

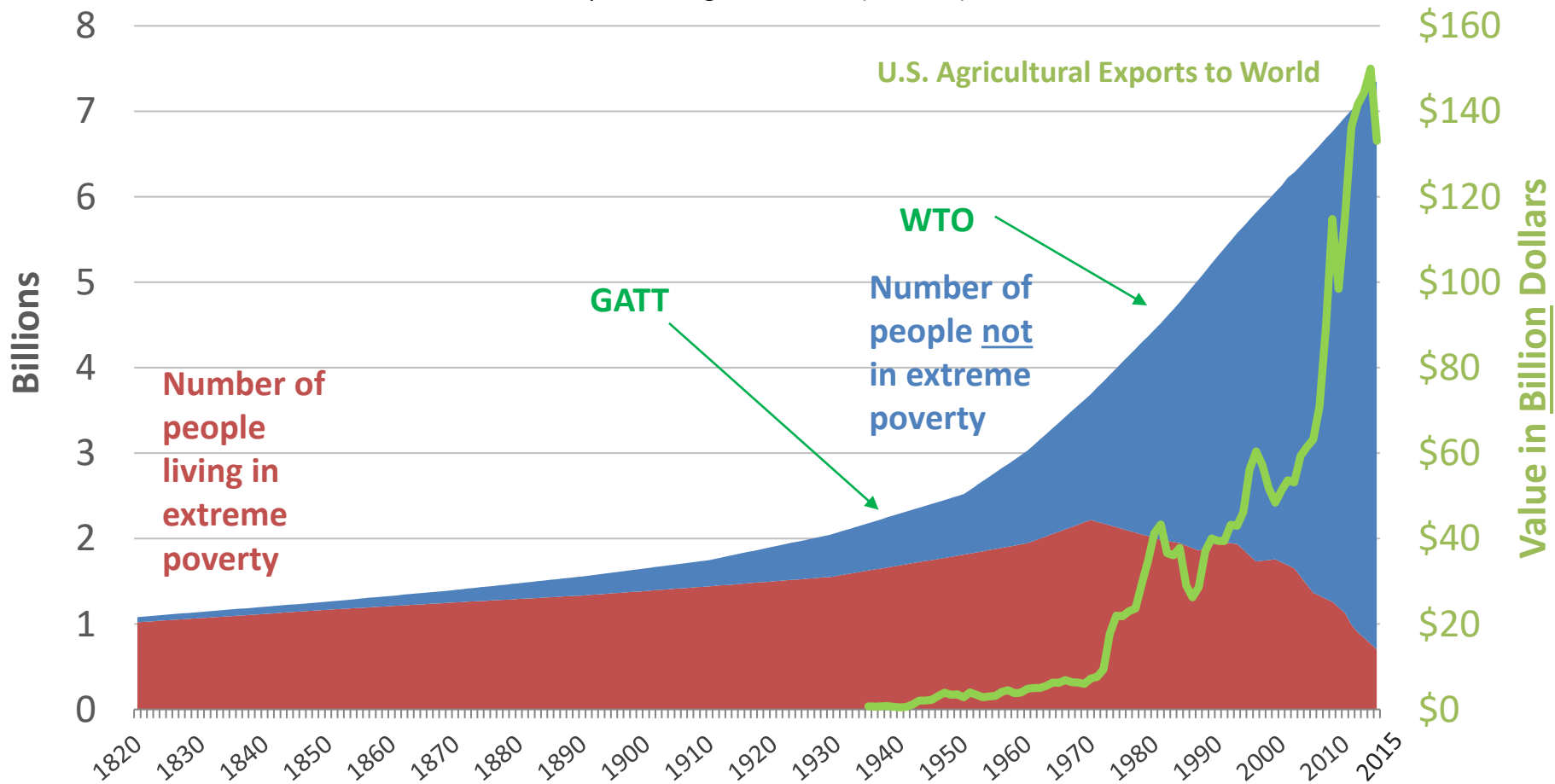


This is where I am from.

The Fruits of Globalization

World Population Living in Extreme Poverty: 1820-2015

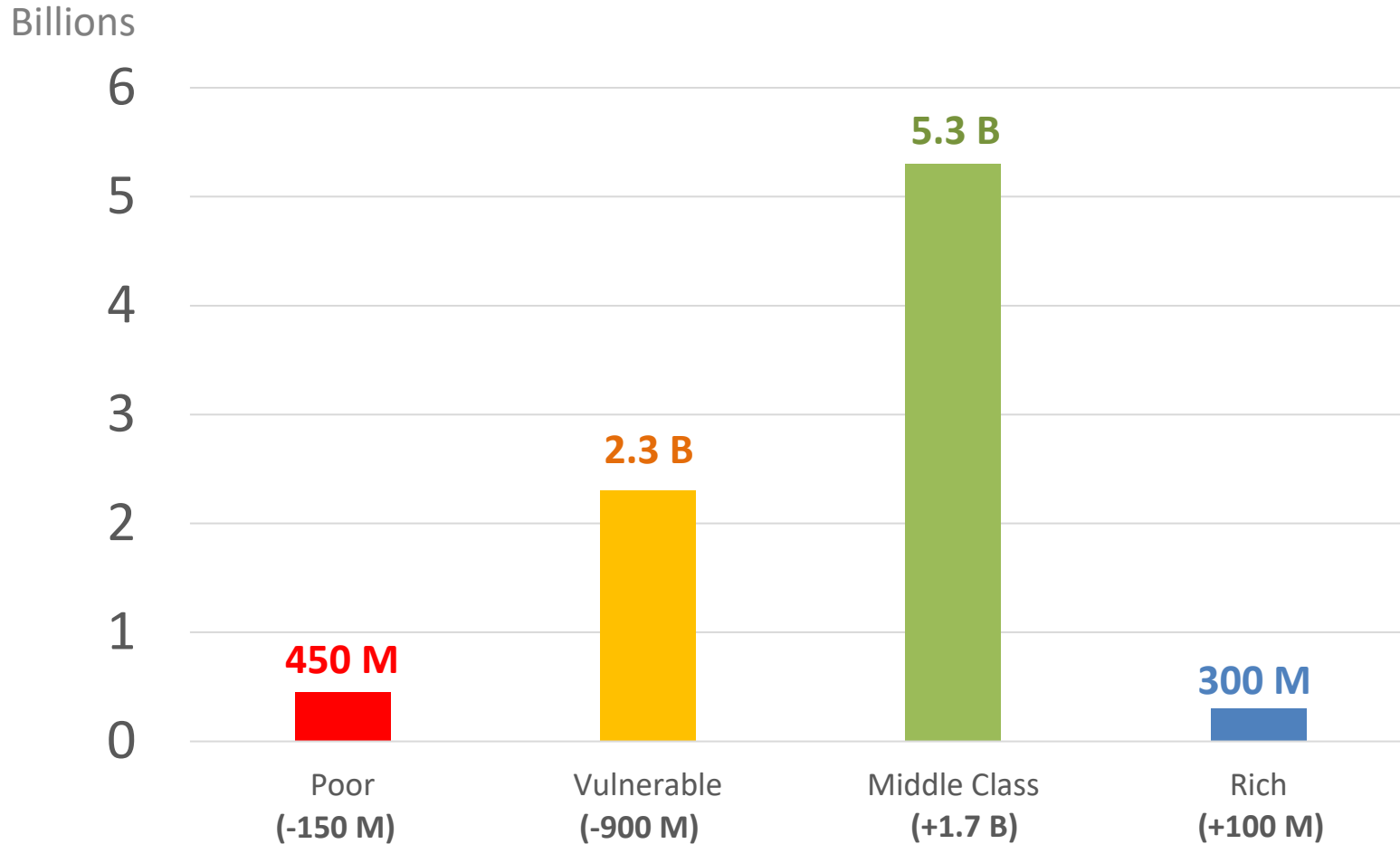
Extreme poverty is defined as living at a consumption (or income) level below 1.90 "international \$" per day. International dollars are adjusted for price differences between countries and for price changes over time (inflation).



Sources: Max Roser and Esteban Ortiz-Ospina (2017)

USDA Economic Research Service – Foreign Agricultural Trade of the United States (FATUS)

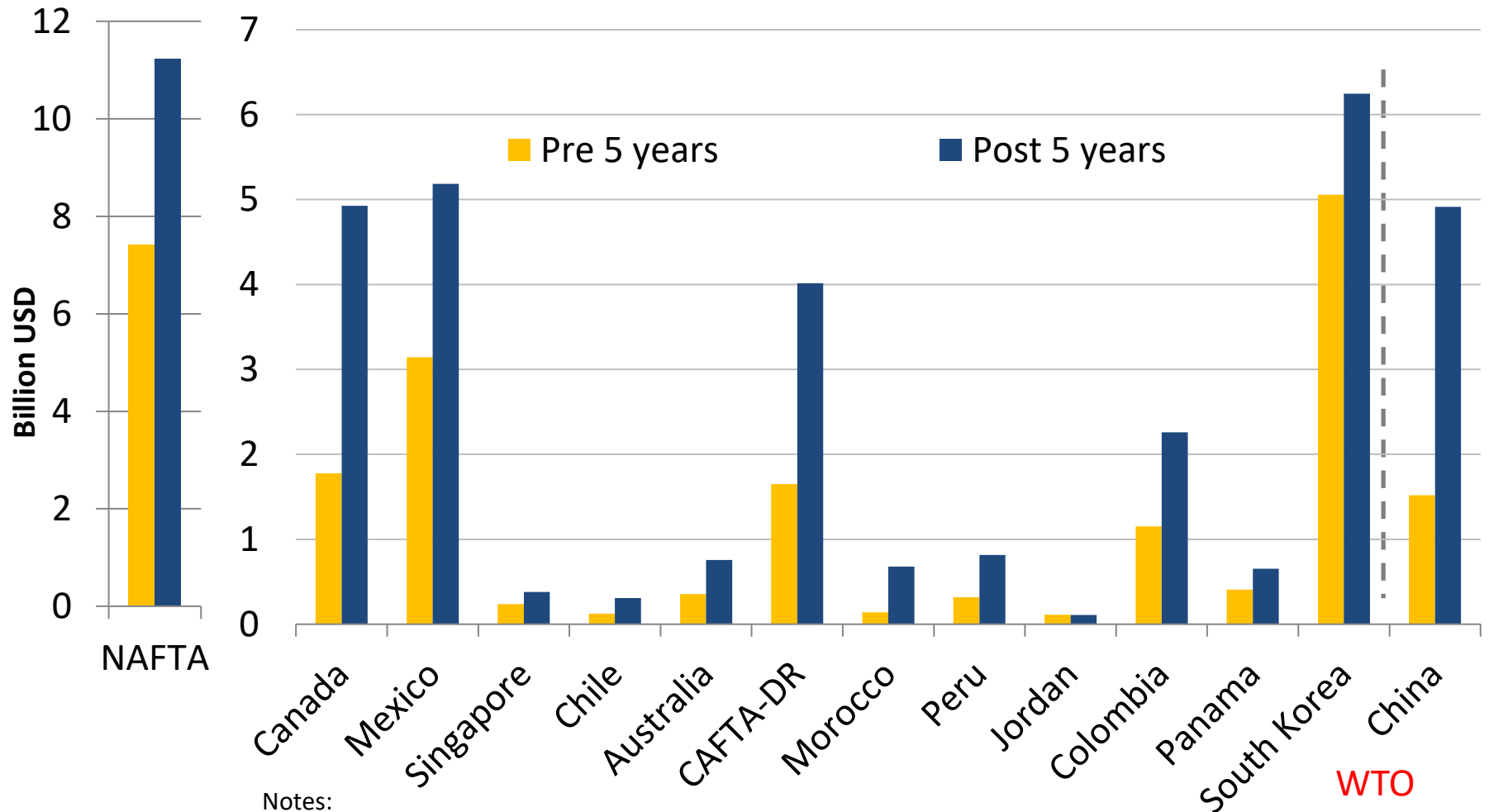
The Future is Bright: Middle Class Dominance in 2030



Figures in parenthesis indicate the increase/decrease in the number of people in each category by 2030.

U.S. Agricultural Exports: Before and After FTAs

(Comparison average pre and post five years)



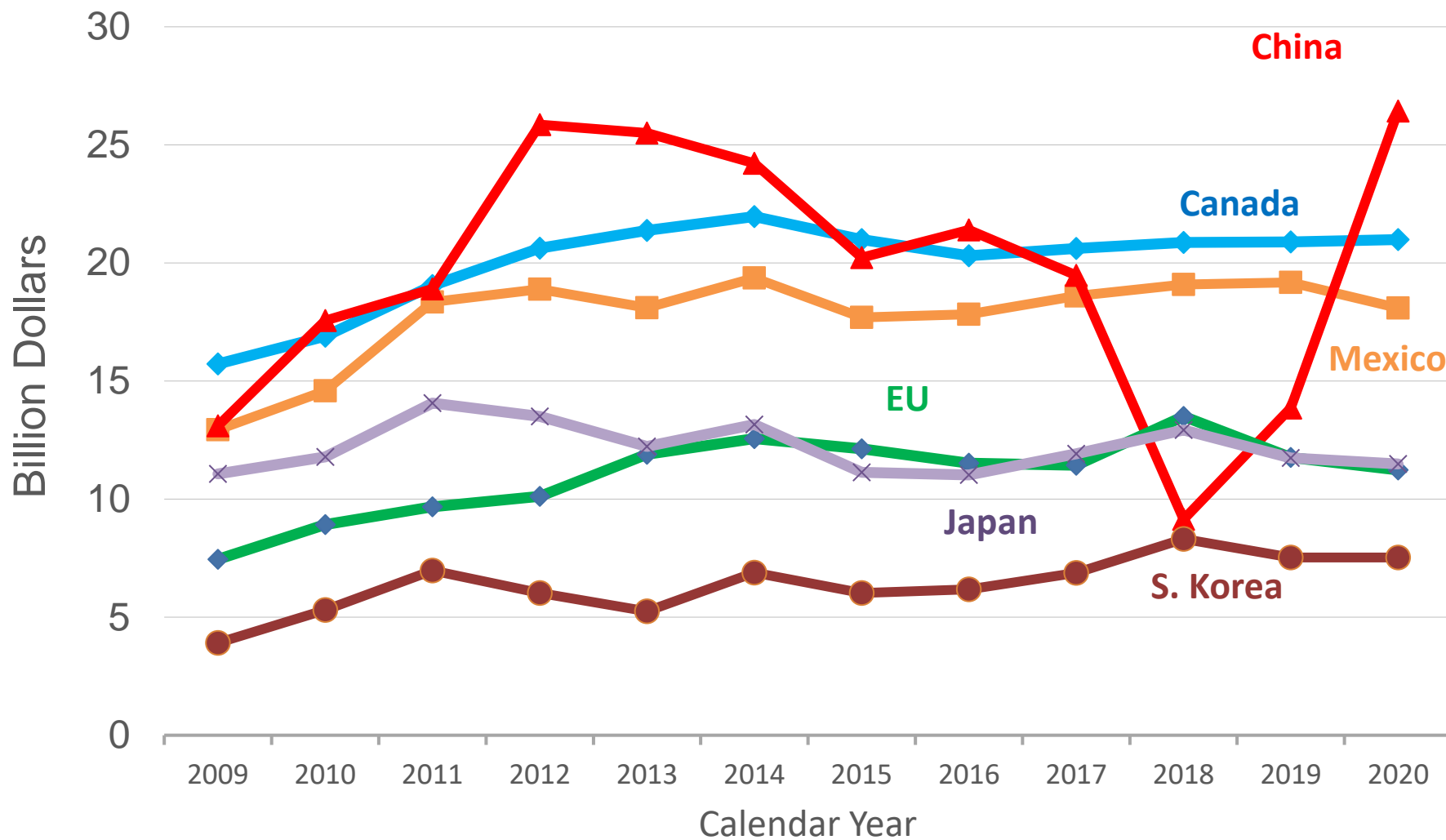
Notes:

- Canada timeline is for US-Canada FTA. Mexico timeline is for NAFTA.
- China is included for pre- and post- WTO accession comparison purposes.

WTO
accession

Top 6 Export Markets

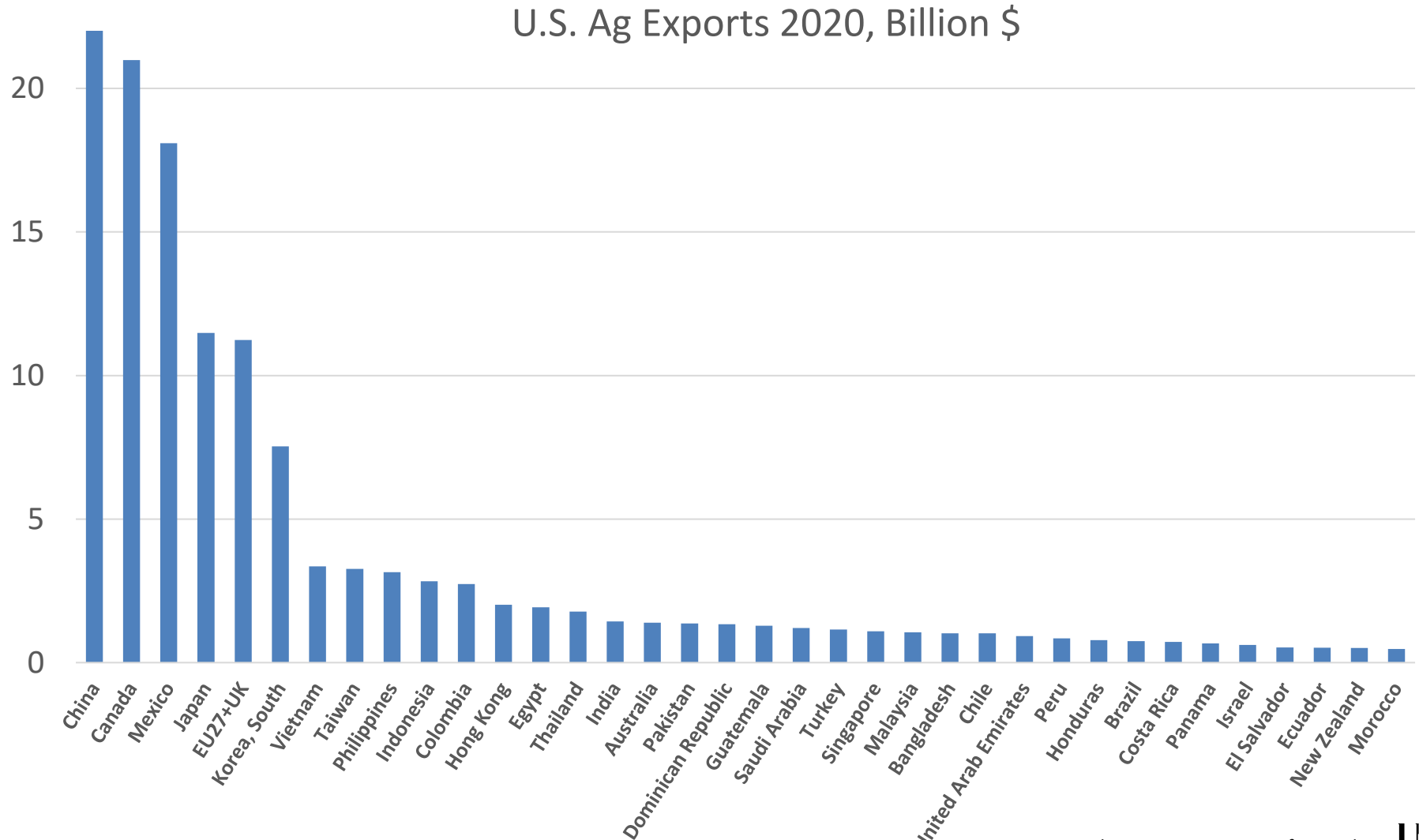
Account for over 60% of total U.S. Ag Exports



Source: U.S. Census Bureau

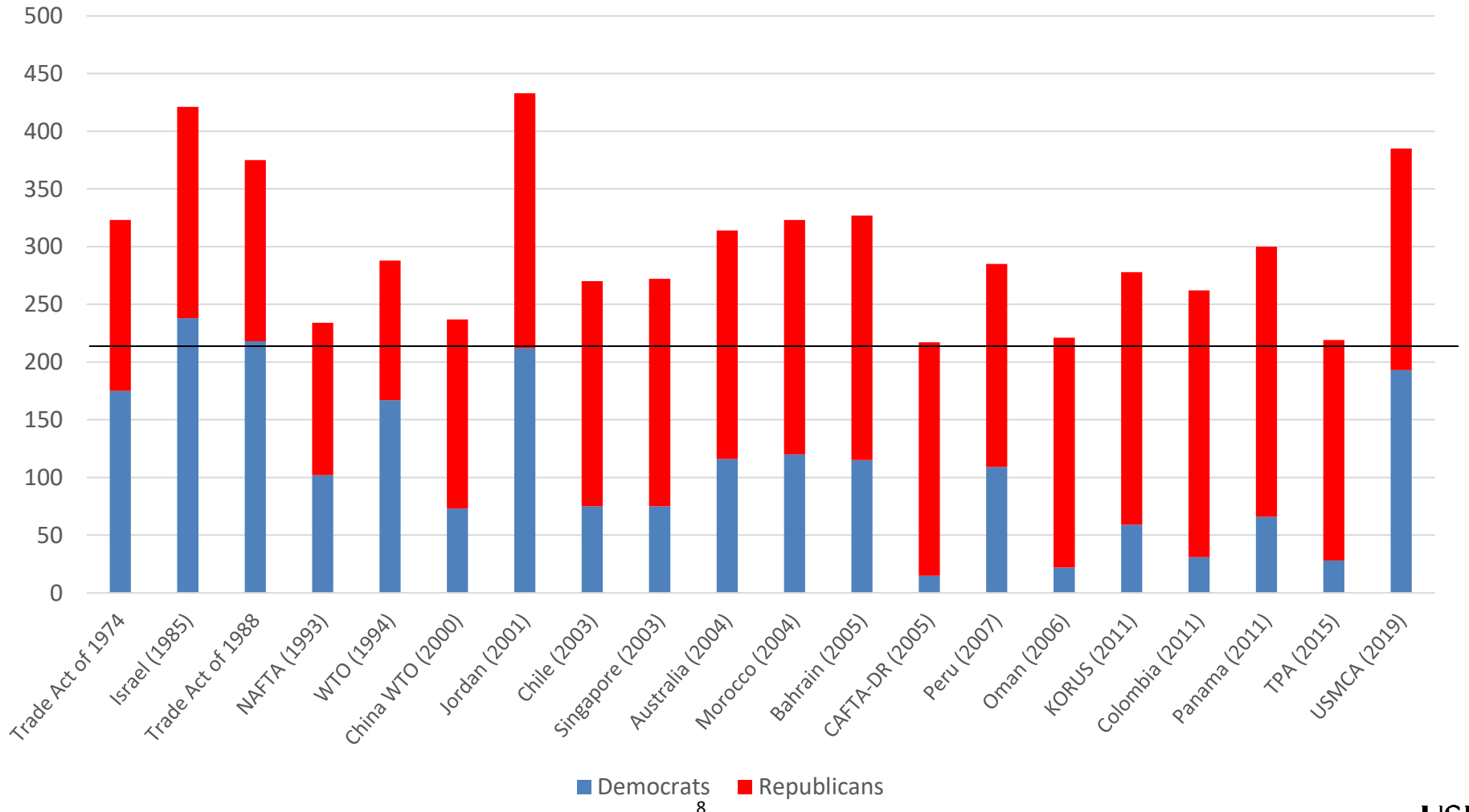
A Classic “long tail distribution”

Over 20 markets with more than \$1 billion in Ag Exports



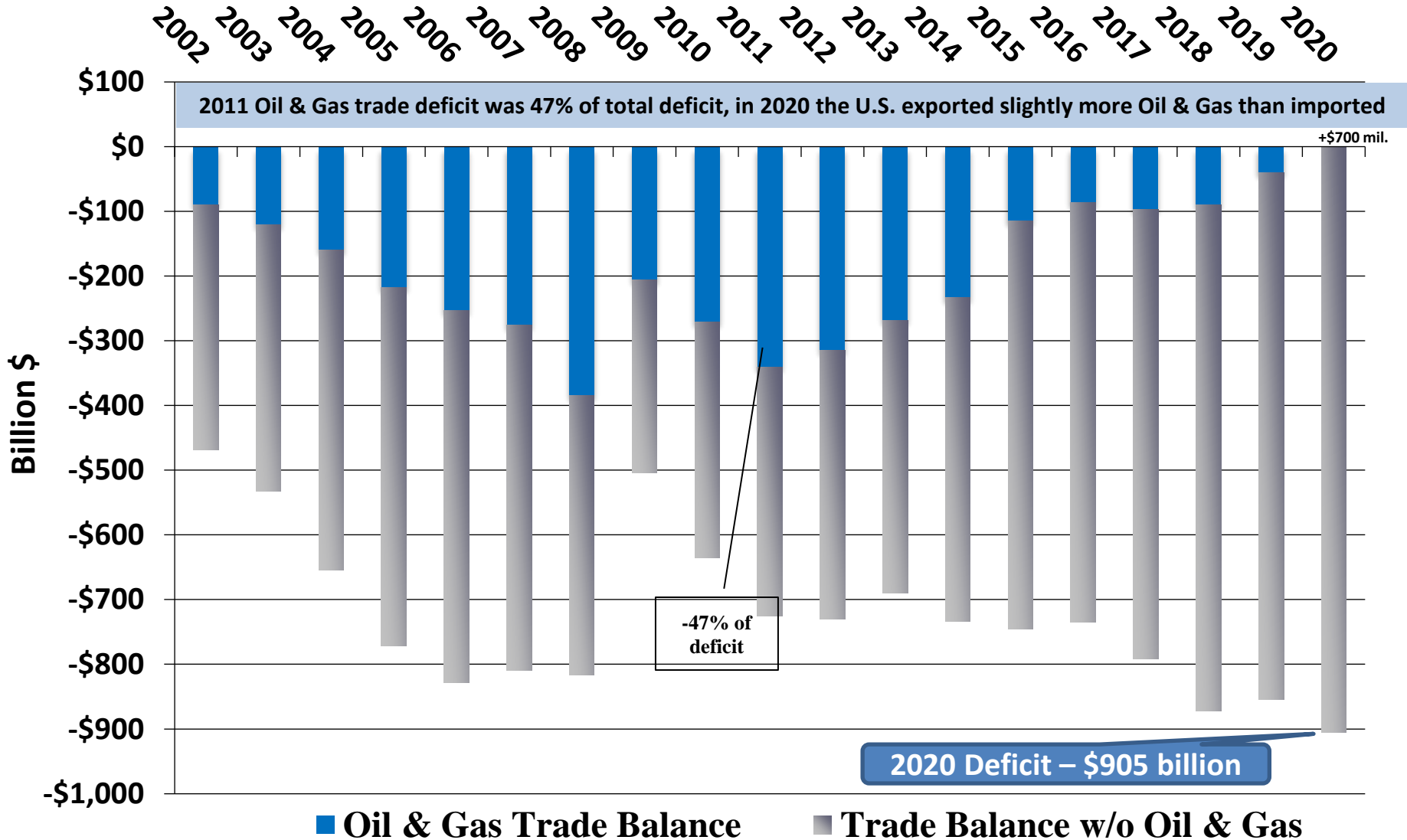
No Ag, No Trade Agreement House Trade Votes

Final "Aye" Votes



U.S. Total Merchandise Annual Trade Balance

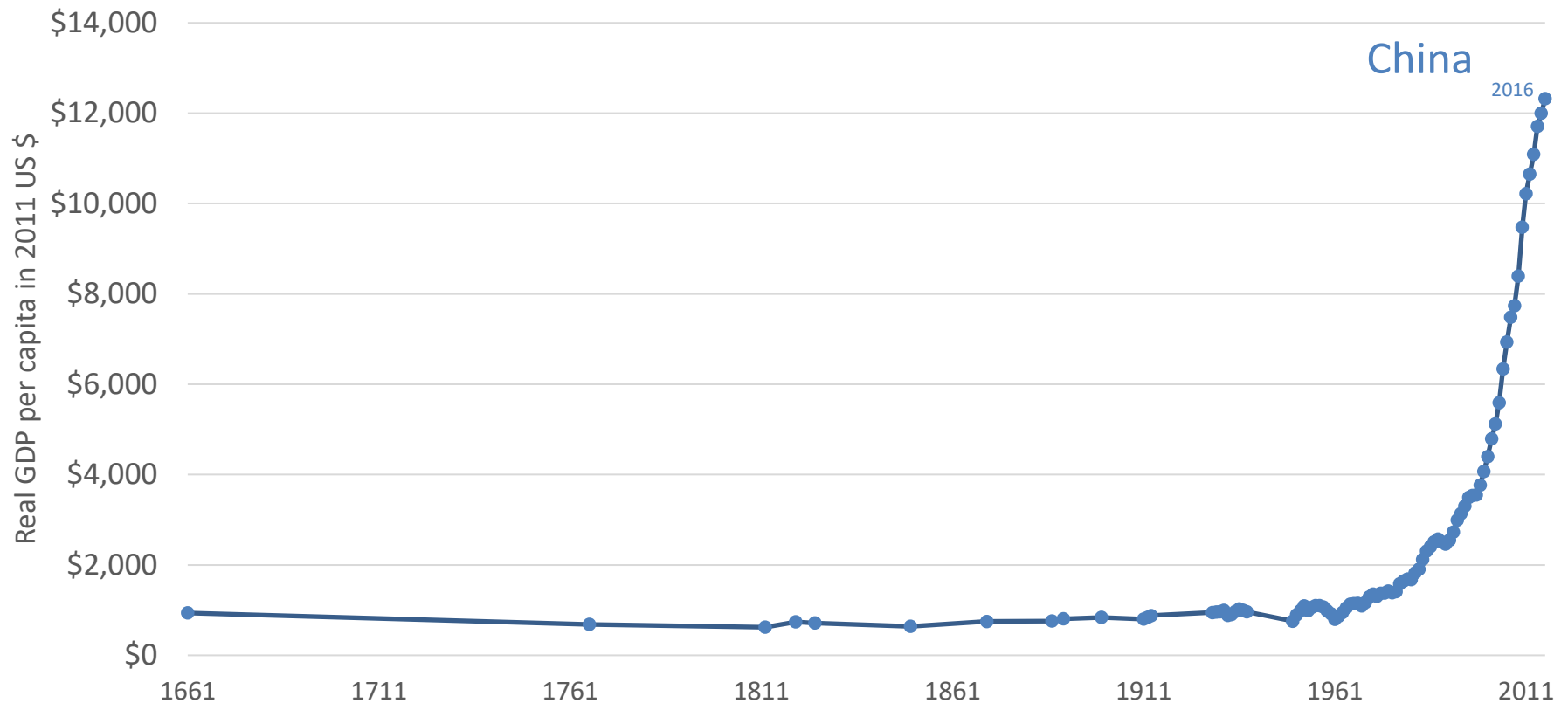
Total Trade Balance and Oil & Gas Trade Balance (2002-2020)



How Living Conditions in China Have Changed

Real GDP per capita in 2011 US\$

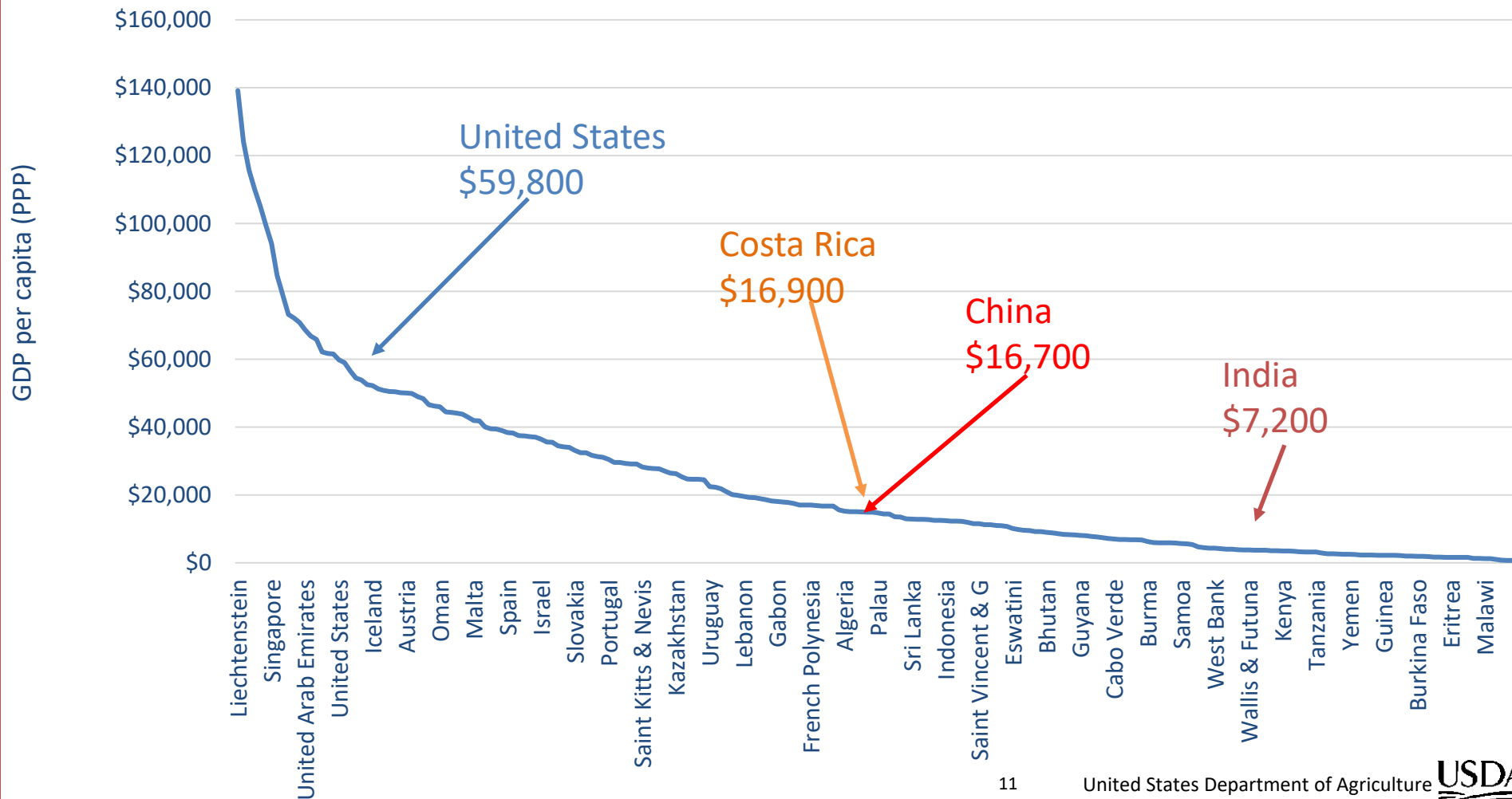
Real GDP per capita is measured using US\$, inflation adjusted at prices of 2011. A single benchmark of 2011 makes these series suitable for studying the growth of incomes over time (but not for comparing income levels between countries over time).



Relative GDP 2018

GDP - per capita (PPP) compares GDP on a purchasing power parity basis divided by population as of 1 July for the same year.

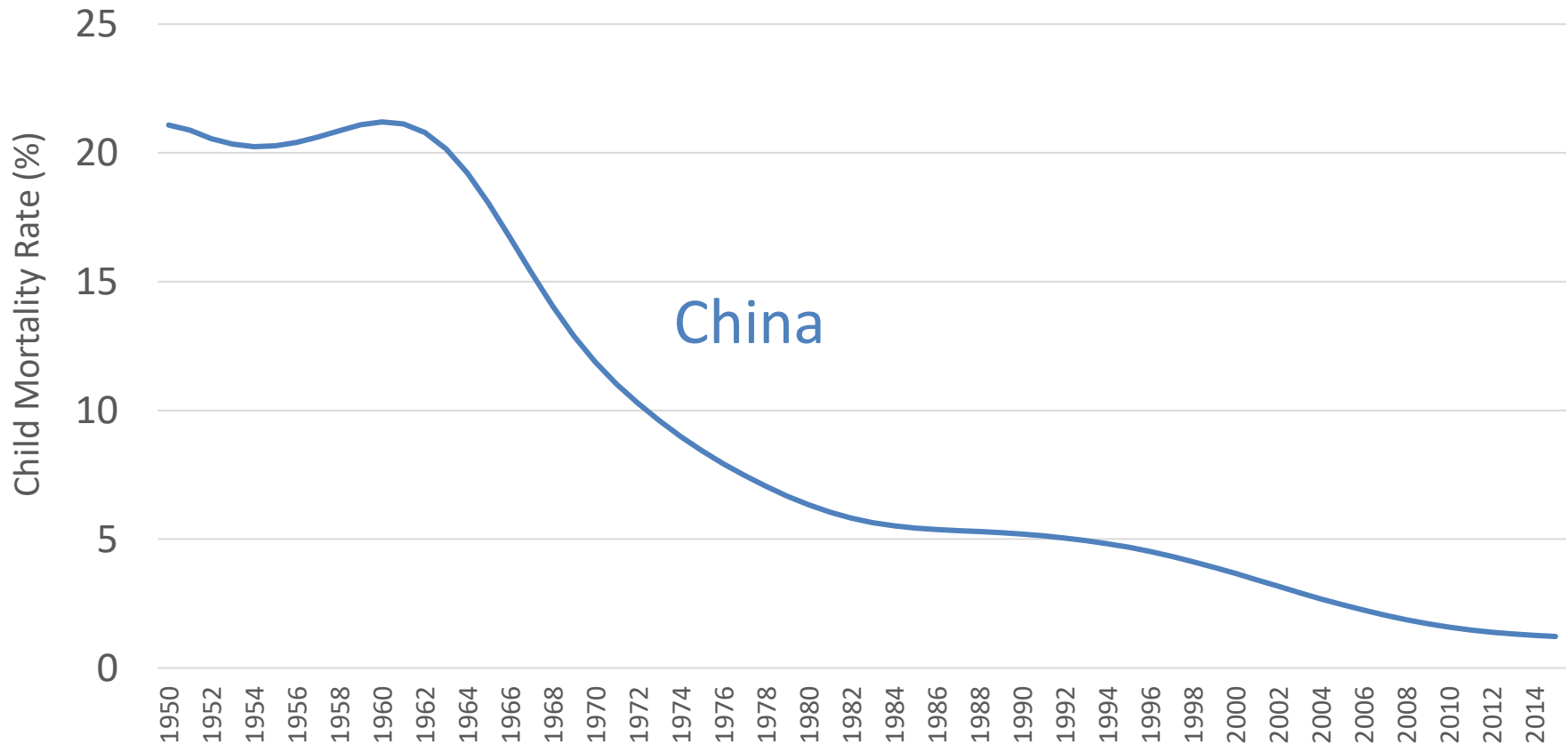
Note: not all countries are listed on the x-axis.



How Living Conditions in China Have Changed

Child Mortality

Share of children (born alive) dying before they are five years old

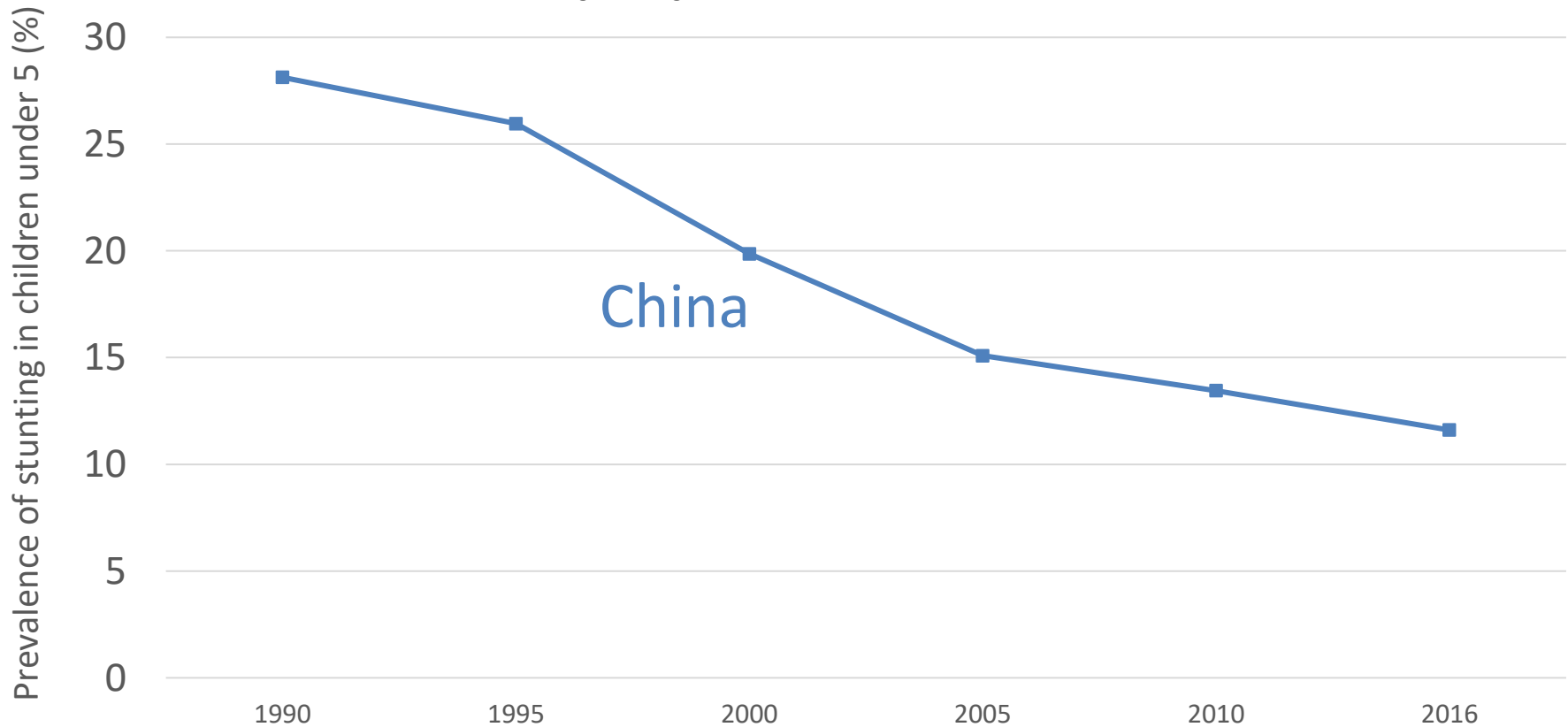


Source: Our World in Data, Max Roser
United Nations Population Division (2017 Revision)

How Living Conditions in China Have Changed

Share of Children Under 5 Years Old Who Are Stunted

Share of children younger than 5 years that fall below two standard deviations from the median height-for-age of the WHO Child Growth Standards

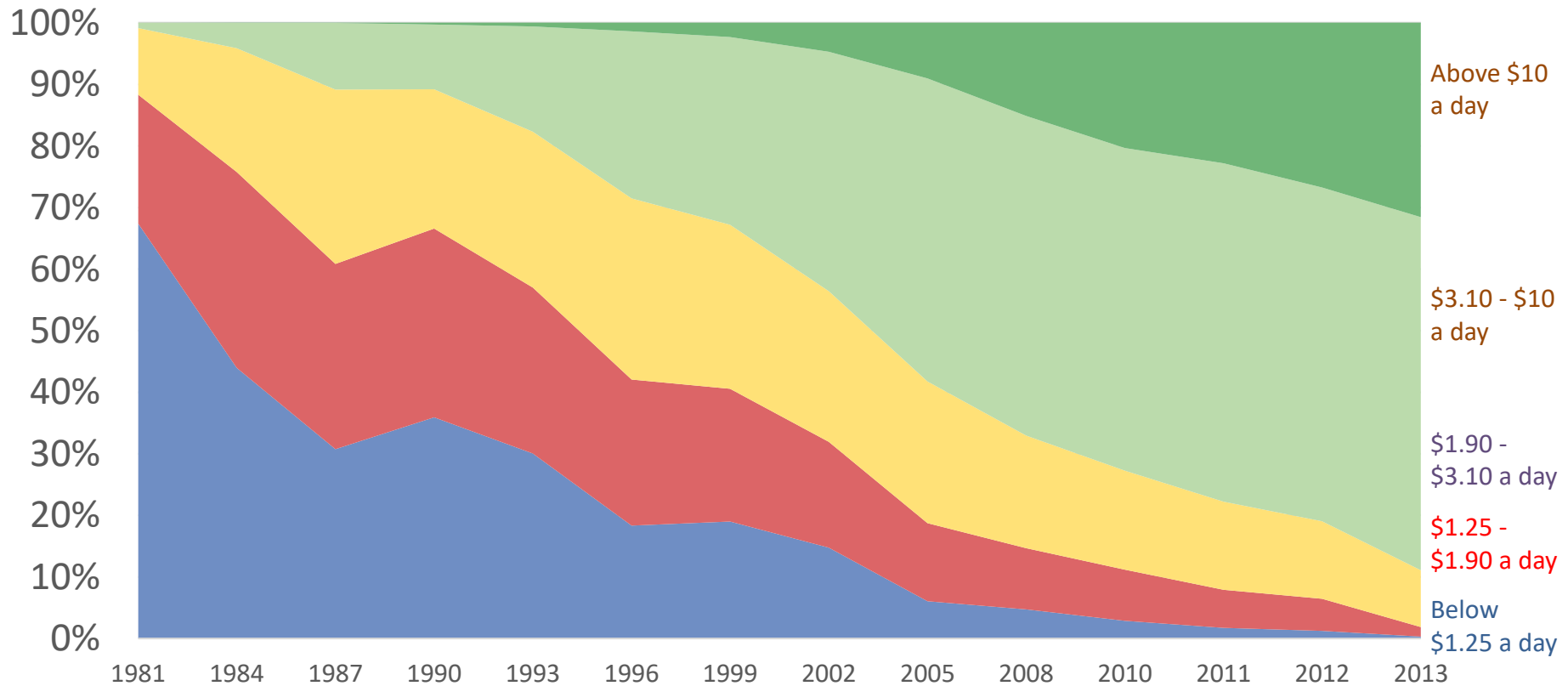


Source: Our World in Data, Max Roser
Institute for Health Metrics and Evaluation (IHME)

How Living Conditions in China Have Changed

Distribution of People Between Different Poverty Thresholds, China

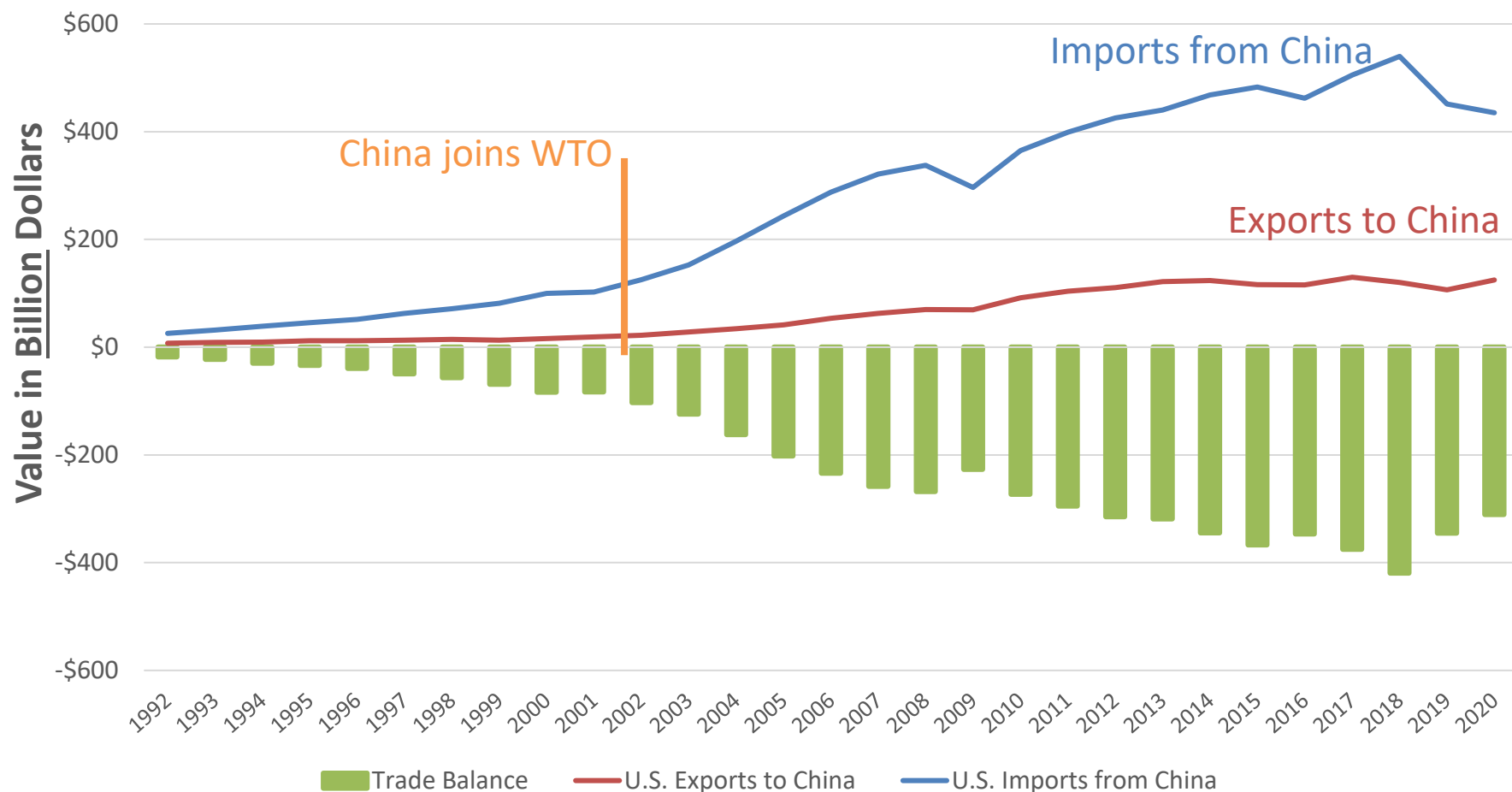
Poverty thresholds are all in “international dollars” at constant 2011 PPP prices. This means all figures account for cross-country differences in price levels, as well as for inflation. Estimates rely on a combination of income and consumption data.



Source: Our World in Data, Max Roser
World Bank

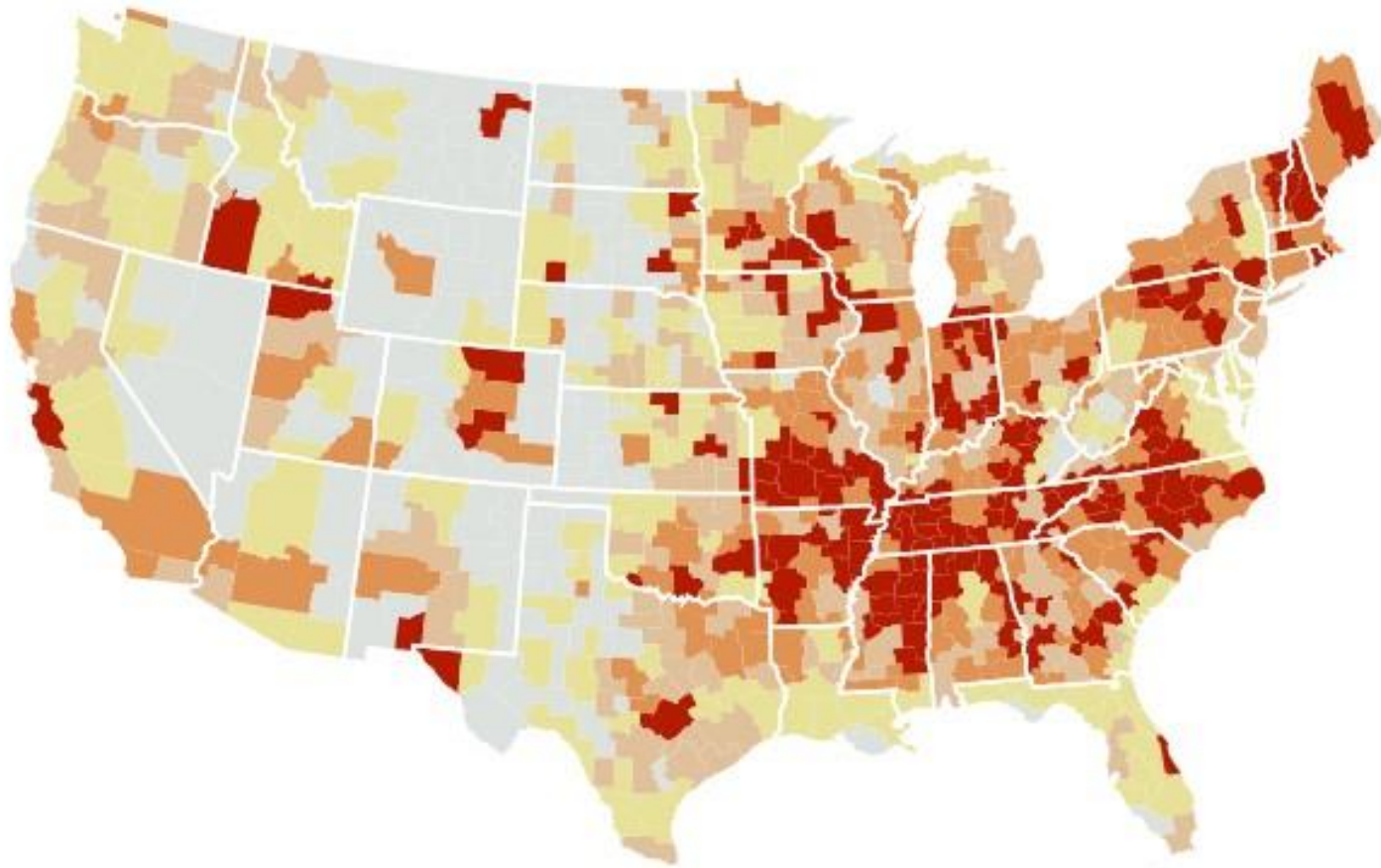
U.S.-China Bilateral Trade Deficit

Trade in Goods with China (Annual)

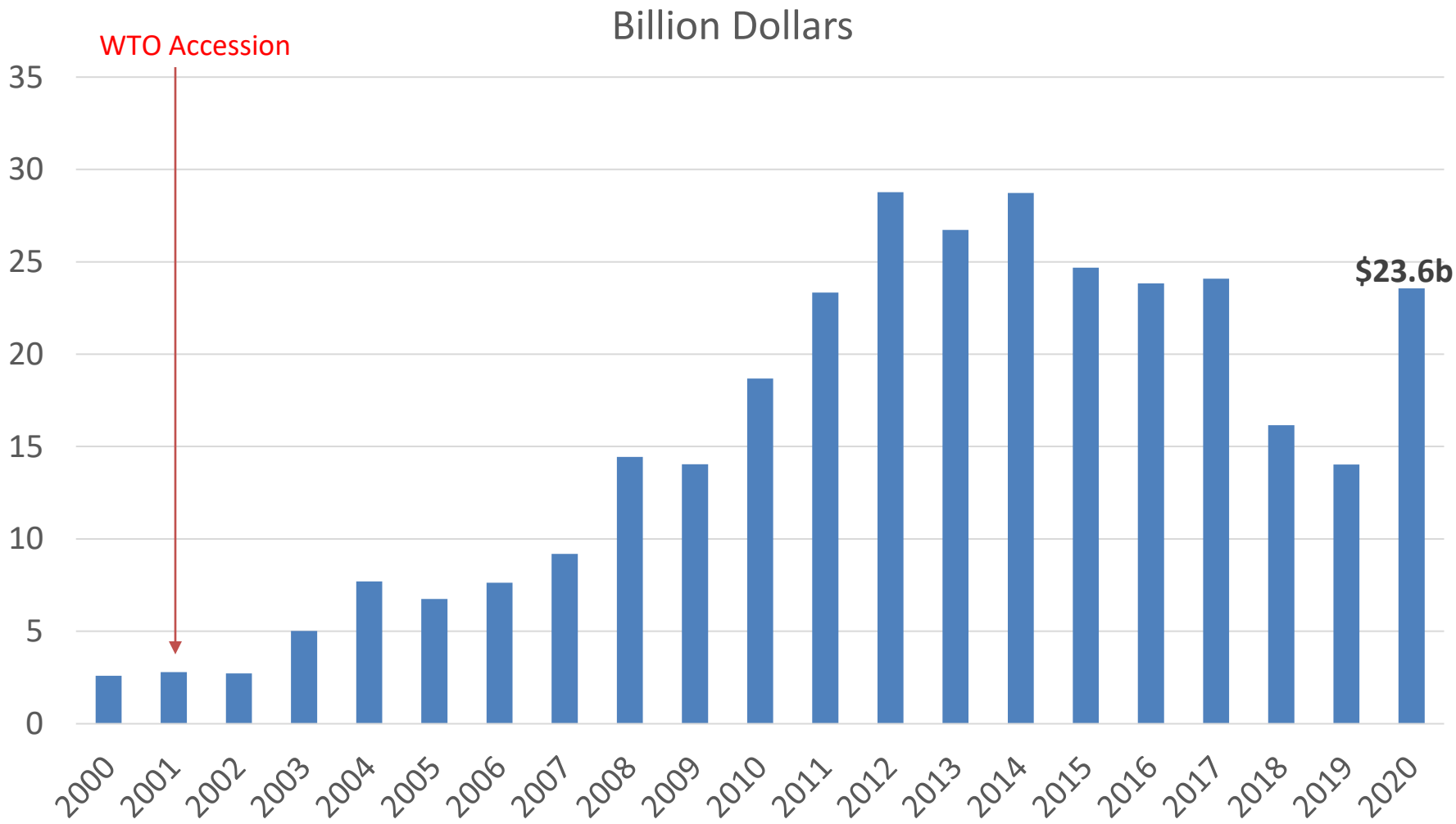


China Shock!

Most-affected 20% Second-highest 20% Middle 20% Second-lowest 20% Least-affected 20%

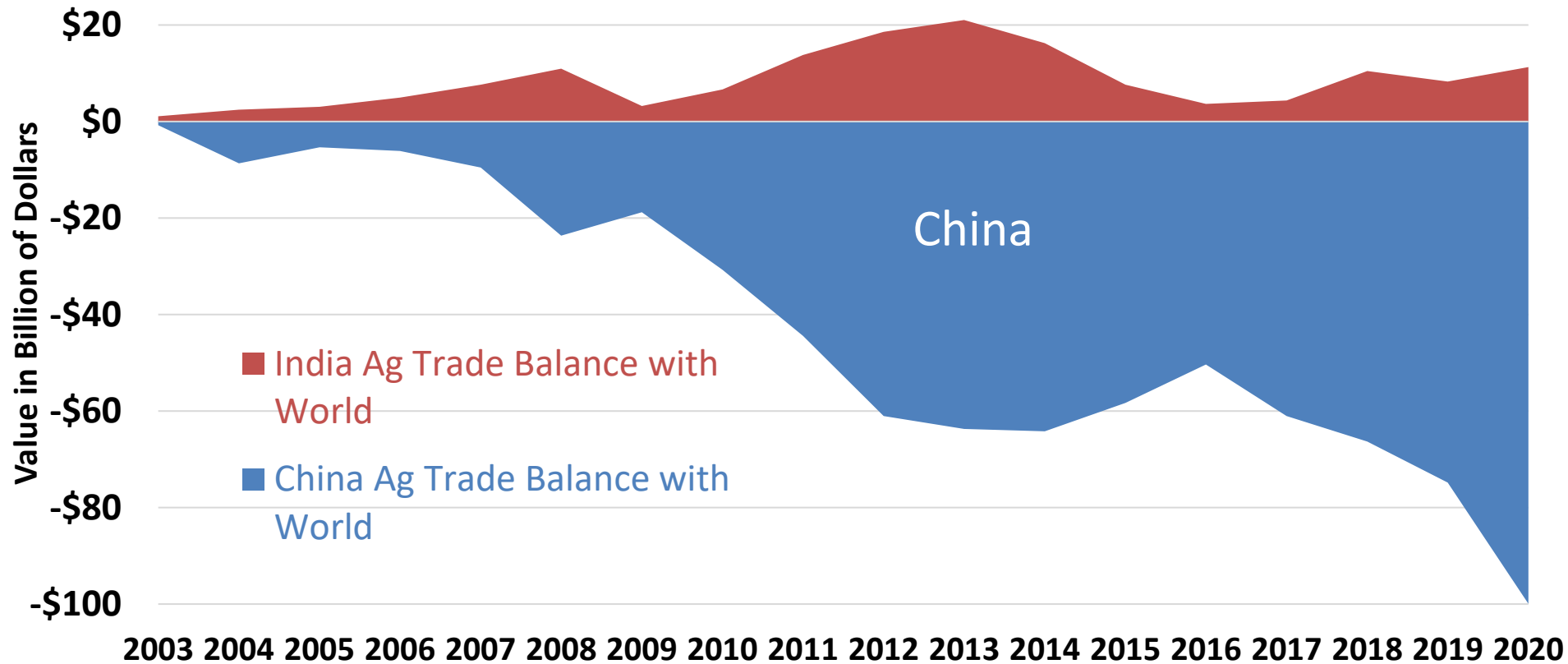


China Imports of U.S. Ag & Seafood Products



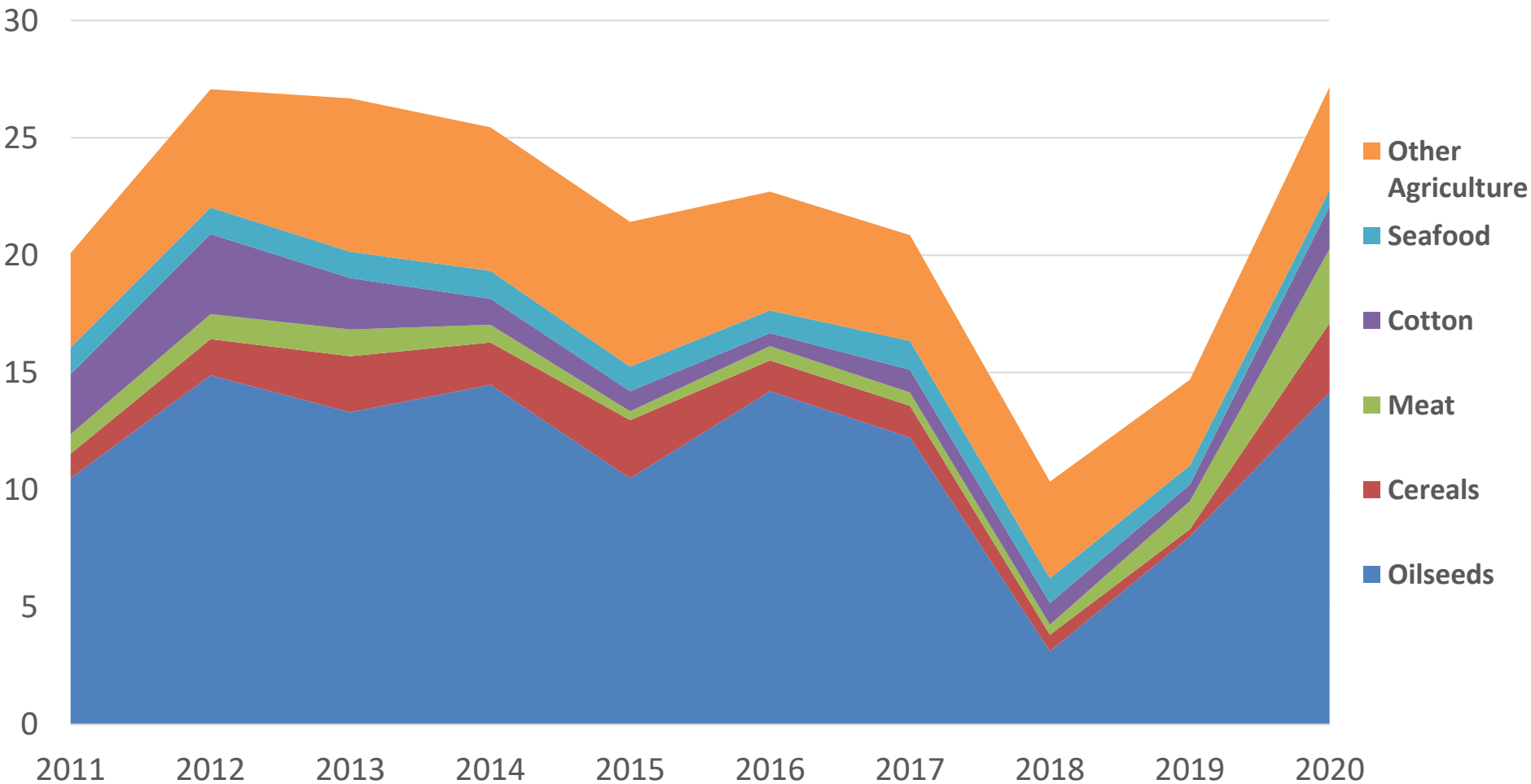
China v. India

China and India had a lot of similarities in 2002 (big, growing countries pursuing self-sufficiency). But then, China decided to become more integrated in the world trading system, by joining the WTO and committing to relatively low ag tariffs.



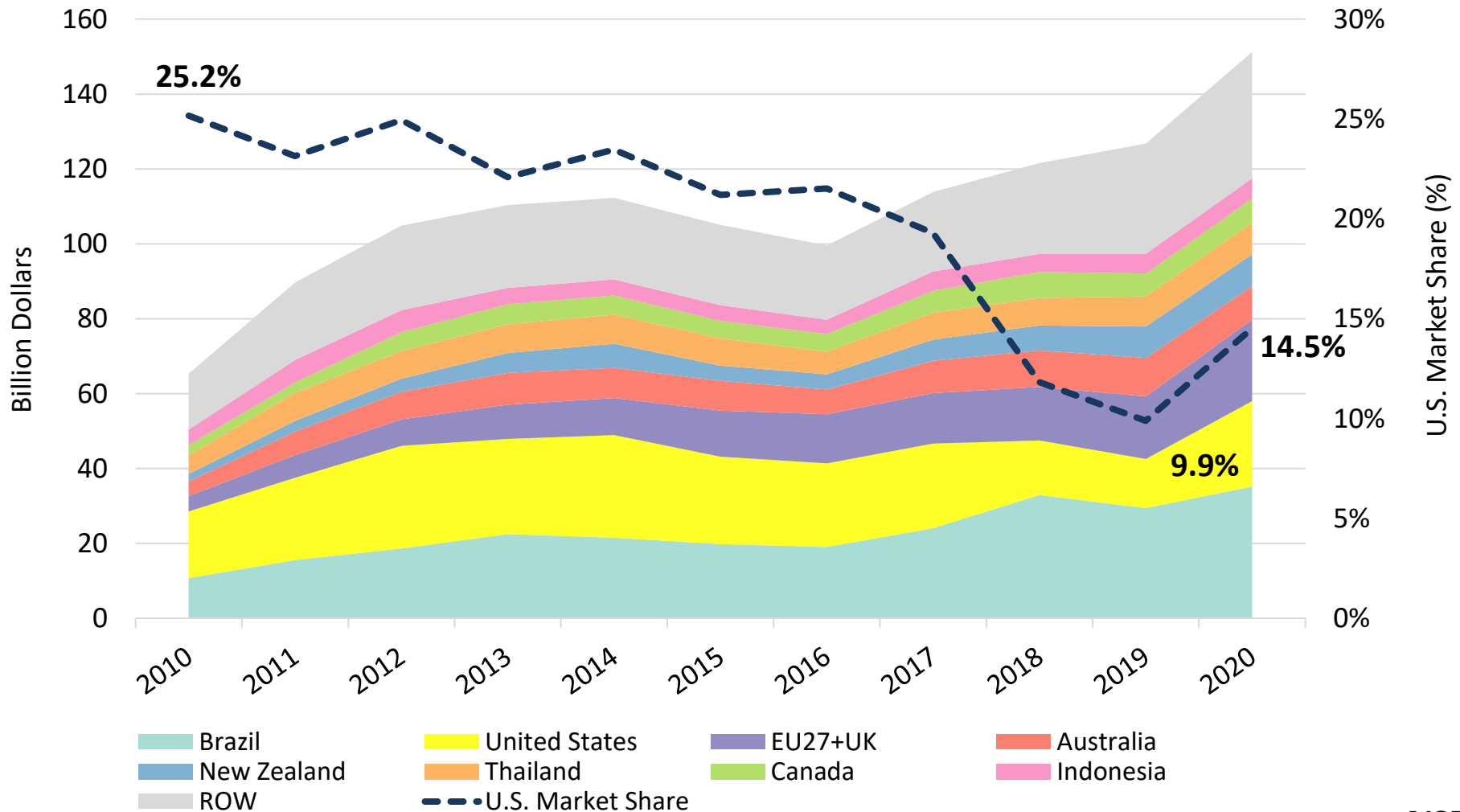
Composition of U.S. Ag Exports to China

Billion Dollars

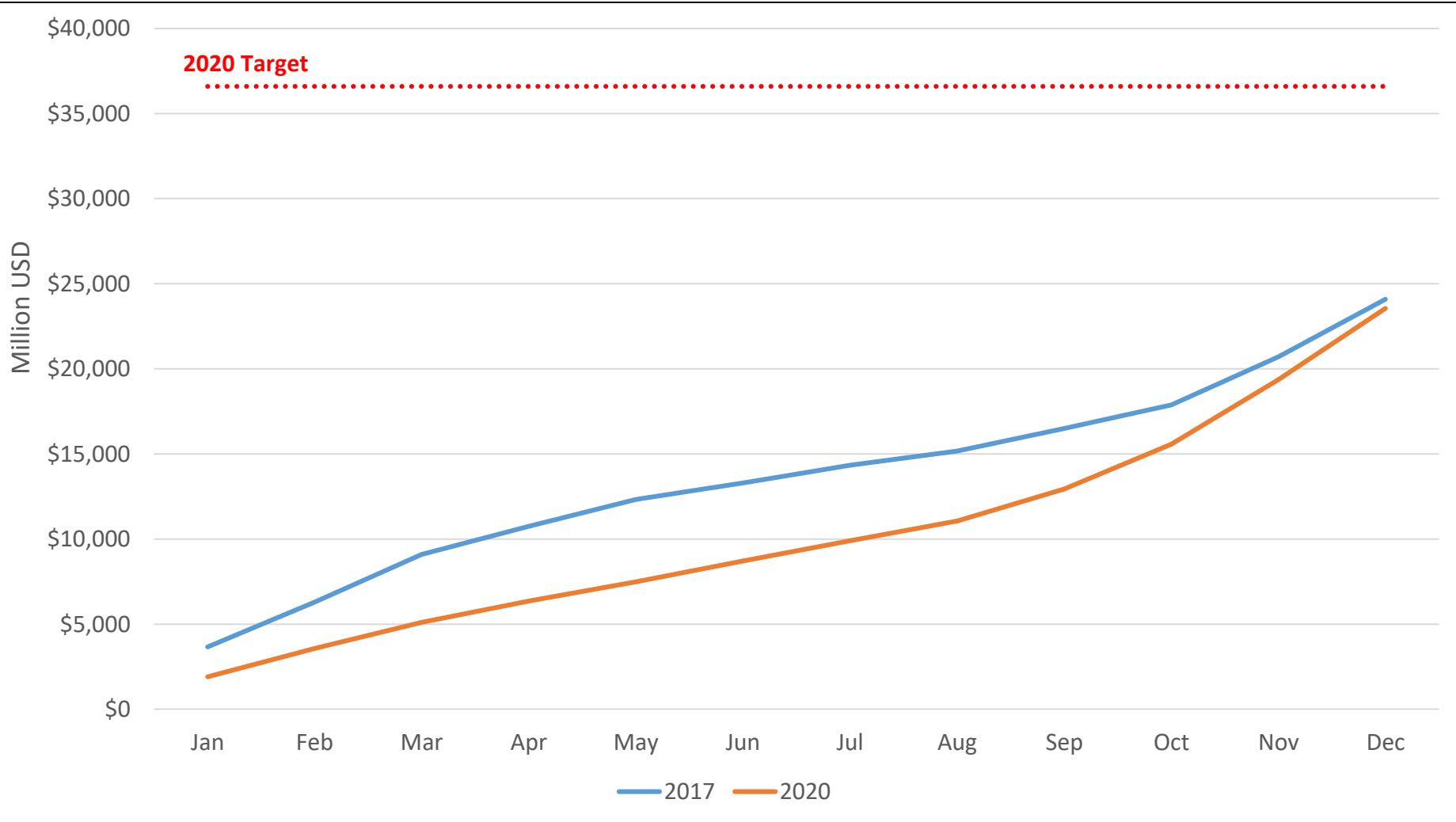


U.S. Market Share in China

China's Agricultural Imports, 2010 – 2020



Phase One: China Imports from the United States



Source: China Customs (Accessed through TDM).

China Phase 1: China Imports of U.S. Products

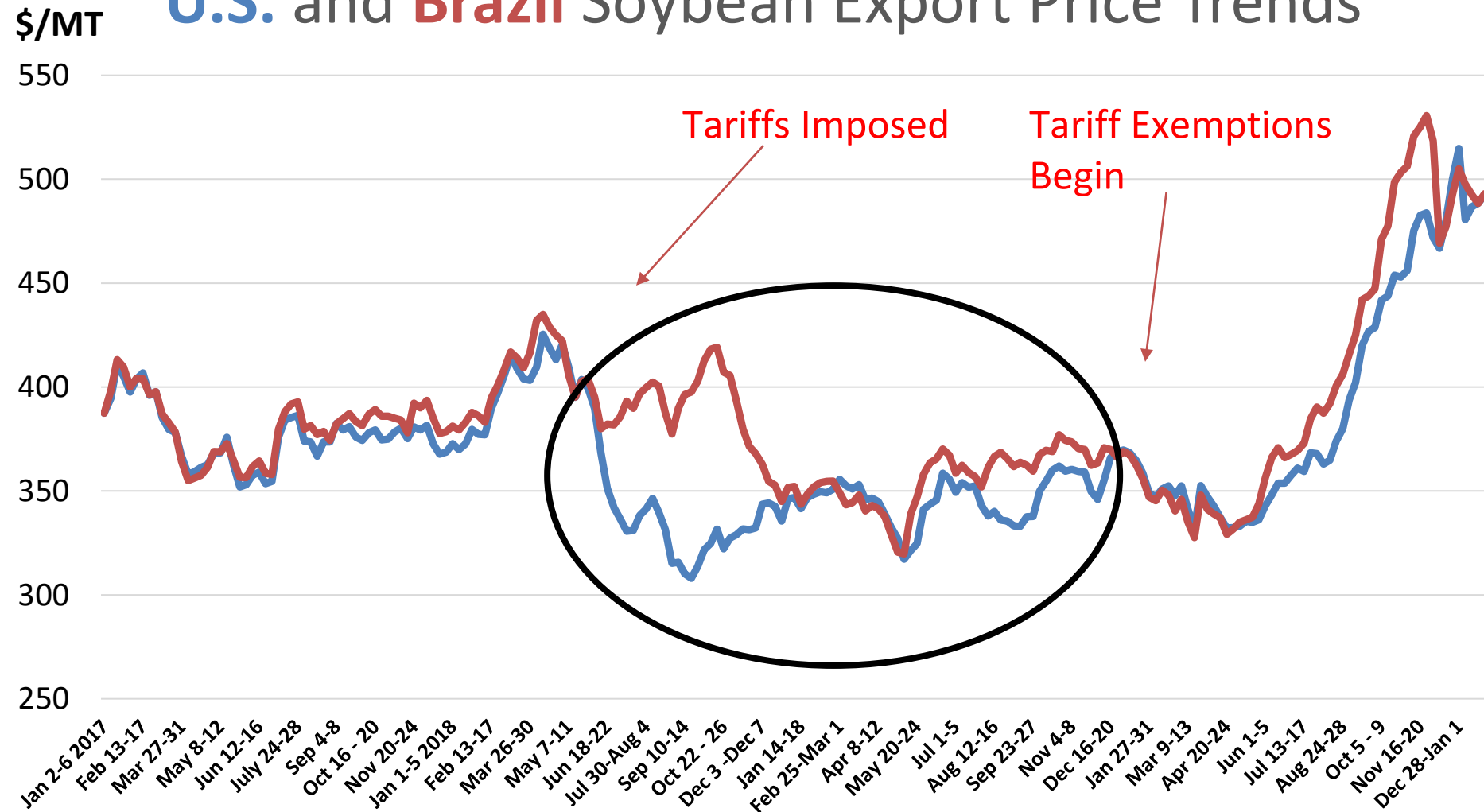
China Imports from the United States, Billion USD (Phase One Agreement Agriculture Groups)

	2017	2018	2019	2020
Oilseeds	13.941	7.061	6.682	10.635
Cereals	1.534	0.922	0.285	2.456
Meat	1.187	0.537	0.867	3.131
Cotton	0.983	1.064	0.731	1.605
Seafood	1.320	1.255	0.915	0.779
Other	5.122	5.316	4.554	4.961
Total	24.086	16.155	14.034	23.565

Source: China Import data. Back of the envelope for 2020

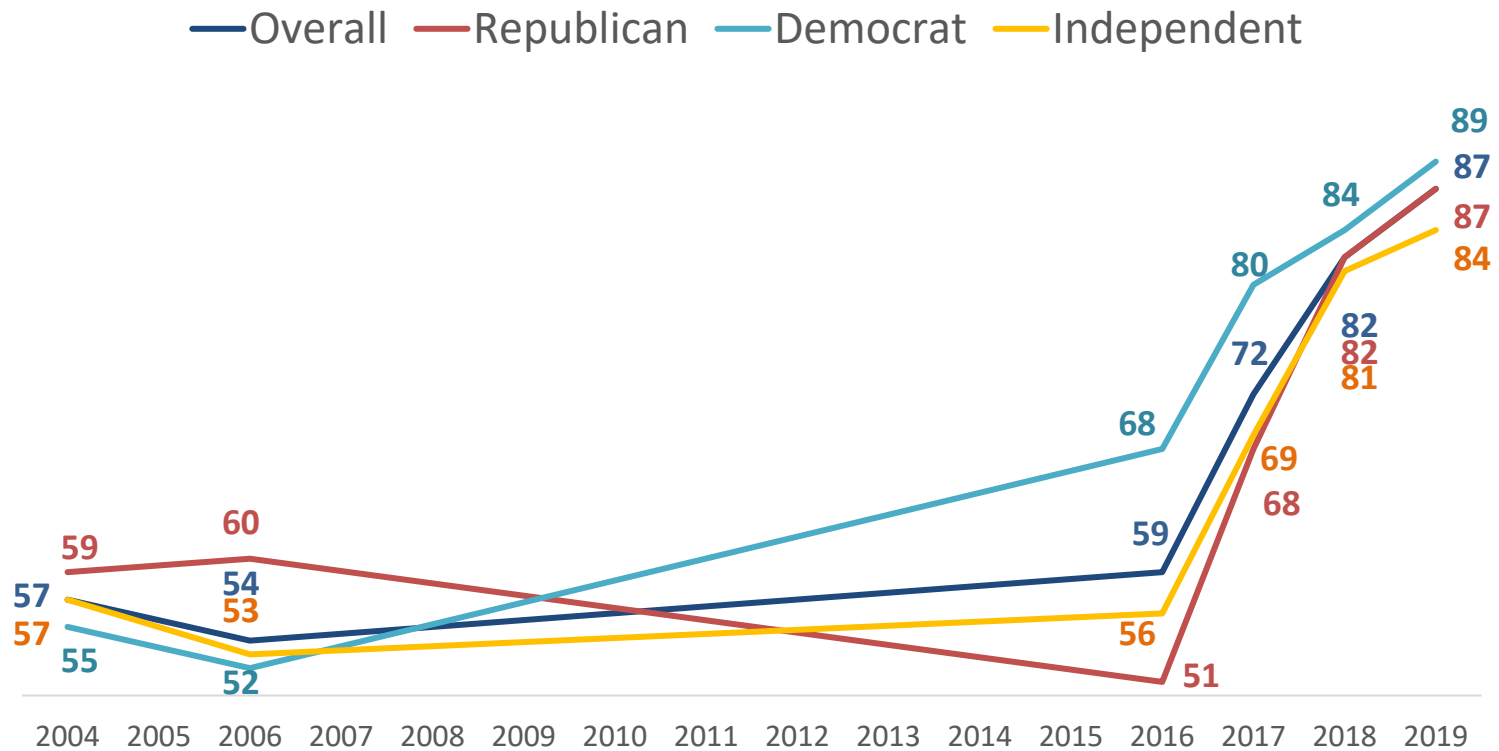
China Tariff Retaliation: Soybean Prices

U.S. and Brazil Soybean Export Price Trends



I'm So Popular

Overall, do you think international trade is good for the U.S. economy (%)?



Source: Chicago Council Survey, June 7-20, 2019 | n: 2,059