



Agricultural Trade and Policy Update: U.S. and Tennessee

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Master Farm Manager Webinar

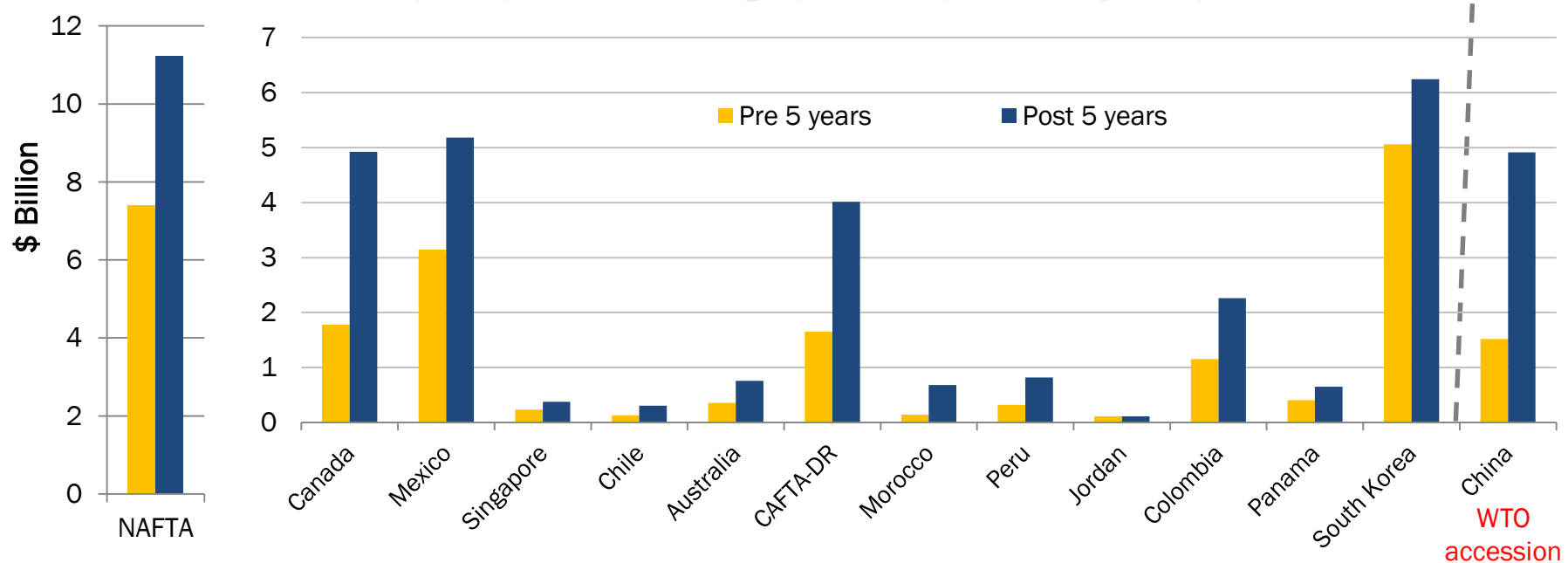
July 1, 2021

Overview of Presentation

- Trade and Policy over the last Two Decades
- USDA's Outlook for U.S. Agricultural Trade
- COVID-19 Pandemic and Tennessee's Agricultural Trade
- Trade War and Trade Agreement with China
 - Too much to say about China
- Closing Remarks

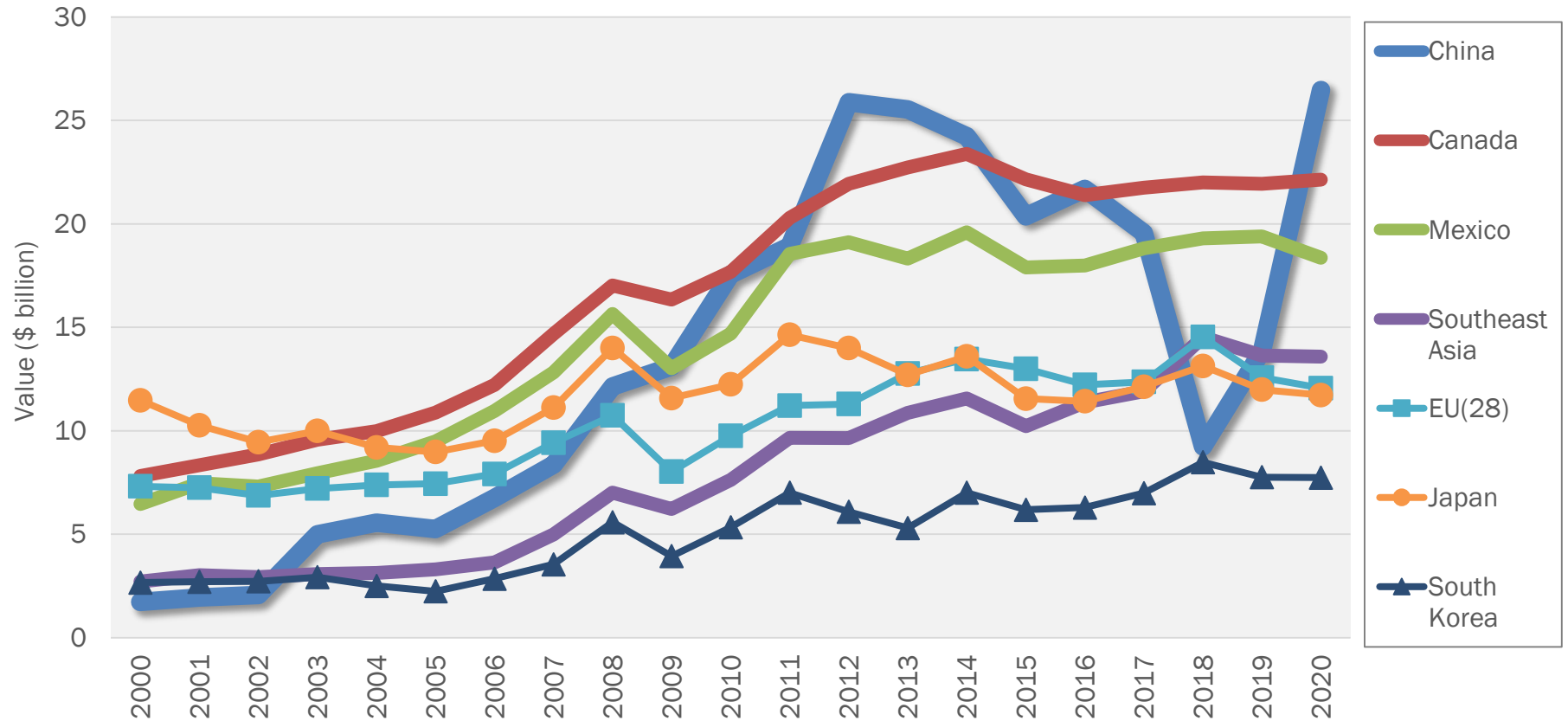
U.S. Agricultural Exports: Before and After FTAs

(Comparison average pre and post five years)



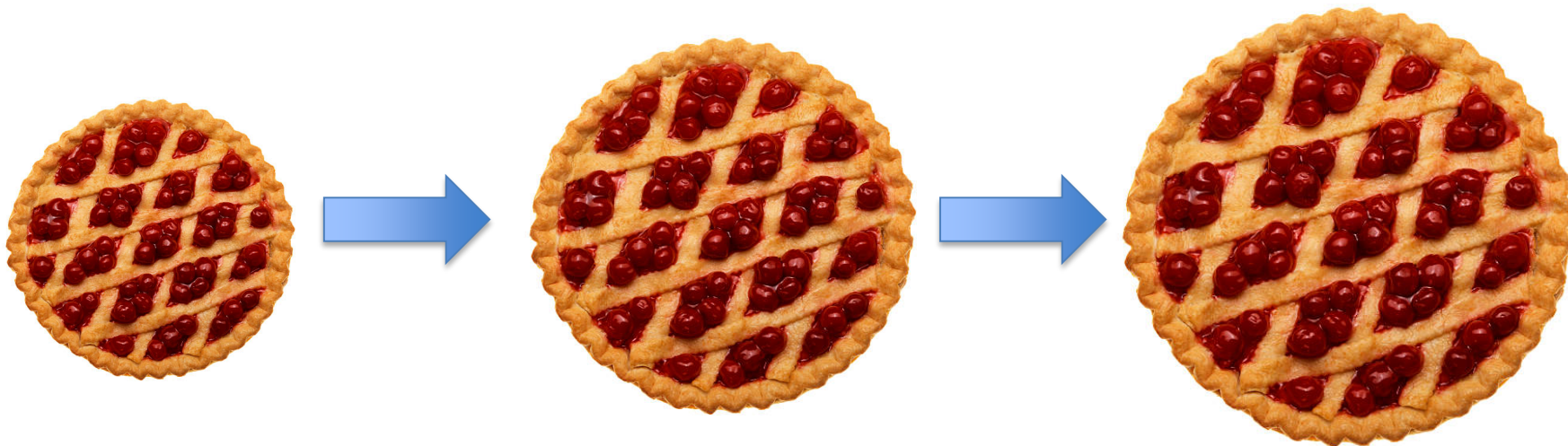
Notes: Canada timeline is for US-Canada FTA. Mexico timeline is for NAFTA; China is included for pre- and post- WTO accession comparison purposes.

U.S. Agricultural Exports: 2000-2020



WTO definition of agricultural exports. Source: U.S. Department of Agriculture, Global Agricultural Trade System (GATS)

Trade Policy Overtime: Let's Grow the "Global" Pie



Trade Policy Overtime: We want the Bigger Slice (Export Oriented Strategies)

U.S. Exports to all Countries



U.S. Imports from all Countries



This is very,
very bad for
America!



How can I
flip this?

U.S. Imports
from “China”

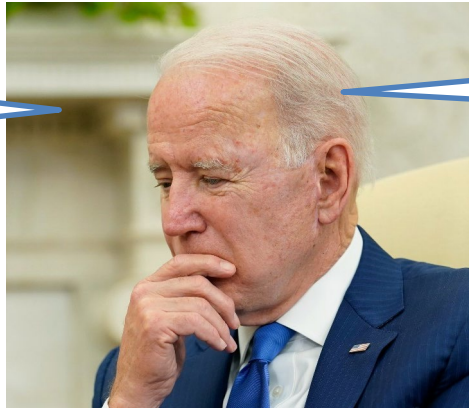


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U.S. Exports
to “China”

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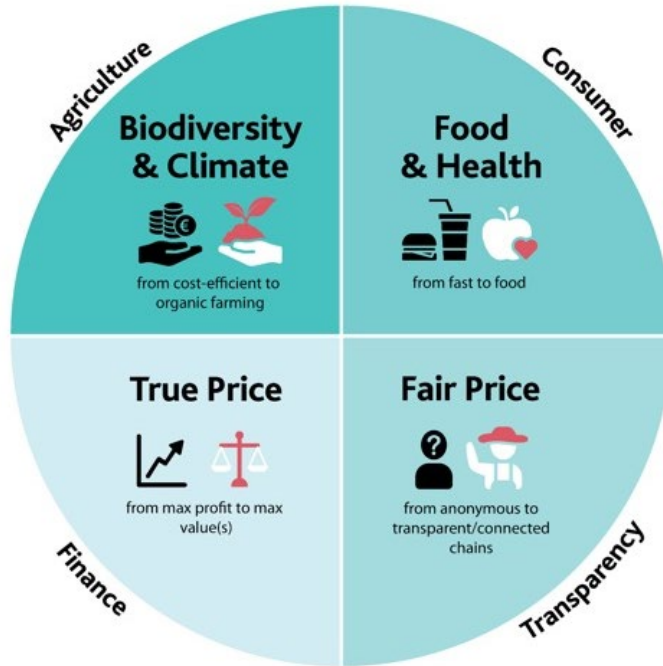
How can I
flip this?

The “Rich”



“Middle Class”

Farm to Fork ACTION PLAN



For a successful transition
to 25% organic in 2030



U.S. AGRICULTURAL TRADE OUTLOOK

Top Commodities



Soybeans
\$25.7 billion



Pork
\$7.7 billion



Dairy Products
\$6.5 billion



Corn
\$9.2 billion



Beef
\$7.6 billion



Wheat
\$6.3 billion



Tree Nuts
\$8.4 billion



Prepared Food
\$6.7 billion



Cotton
\$6.0 billion

Source: FAS Global Agricultural Trade System (GATS)
www.fas.usda.gov
@USDAForeignAg

Foreign Agricultural Service **USDA**
U.S. DEPARTMENT OF AGRICULTURE

2020 Exports



Forest Products
\$7.4 billion

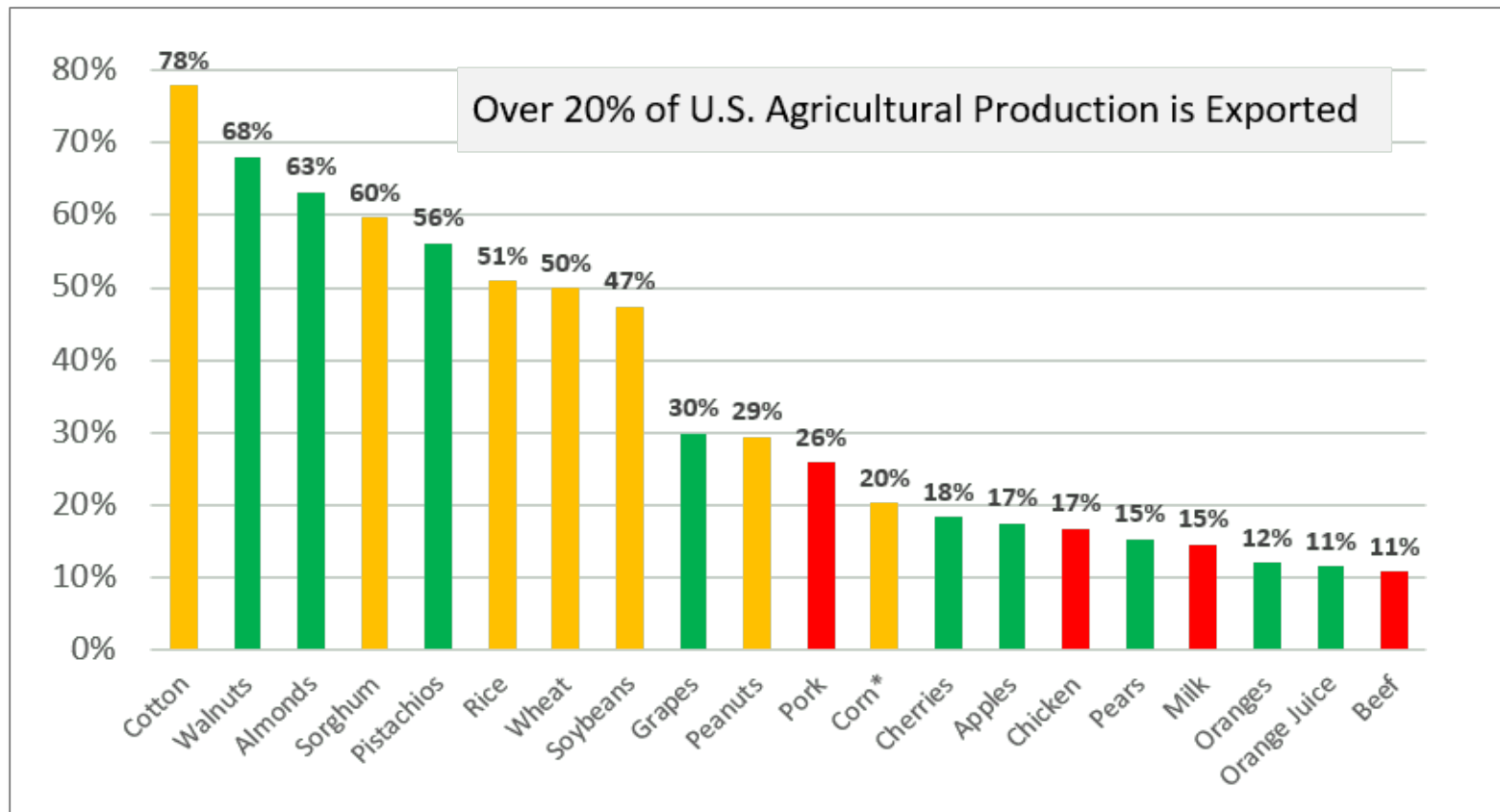


Distilled Spirits
\$1.4 billion

Source: FAS Global Agricultural Trade System (GATS)
www.fas.usda.gov
@USDAForeignAg

Foreign Agricultural Service **USDA**
U.S. DEPARTMENT OF AGRICULTURE

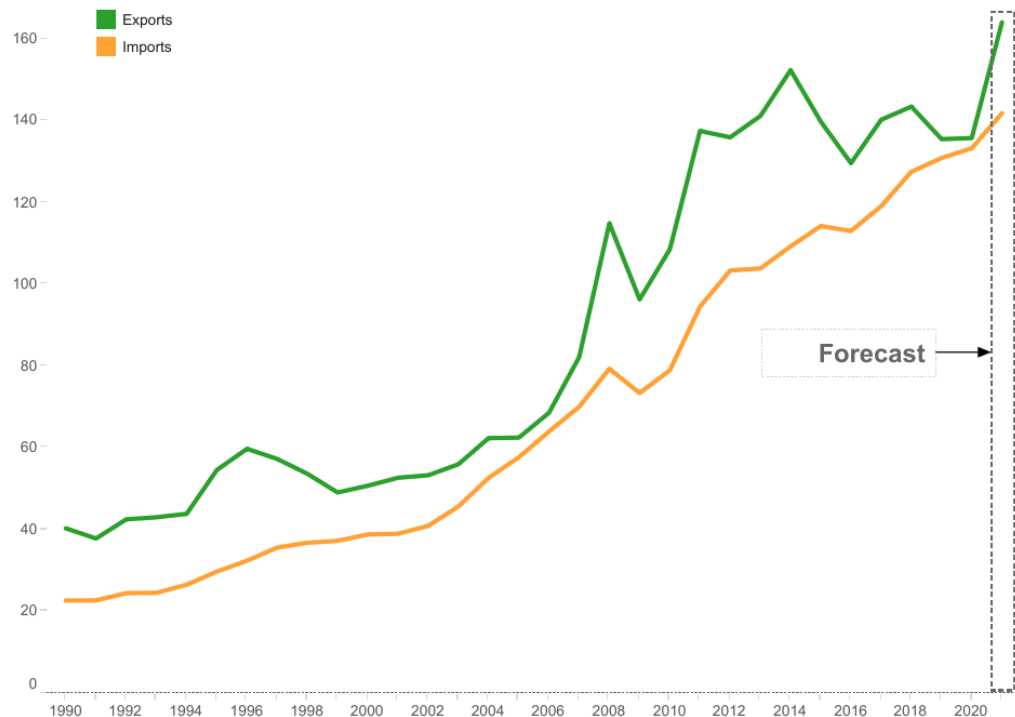
Exports are critical to U.S. agricultural production (2019/2020)



Source: U.S. Department of Agriculture, and U.S. Dairy Export Council

U.S. agricultural trade

Value (billion dollars)

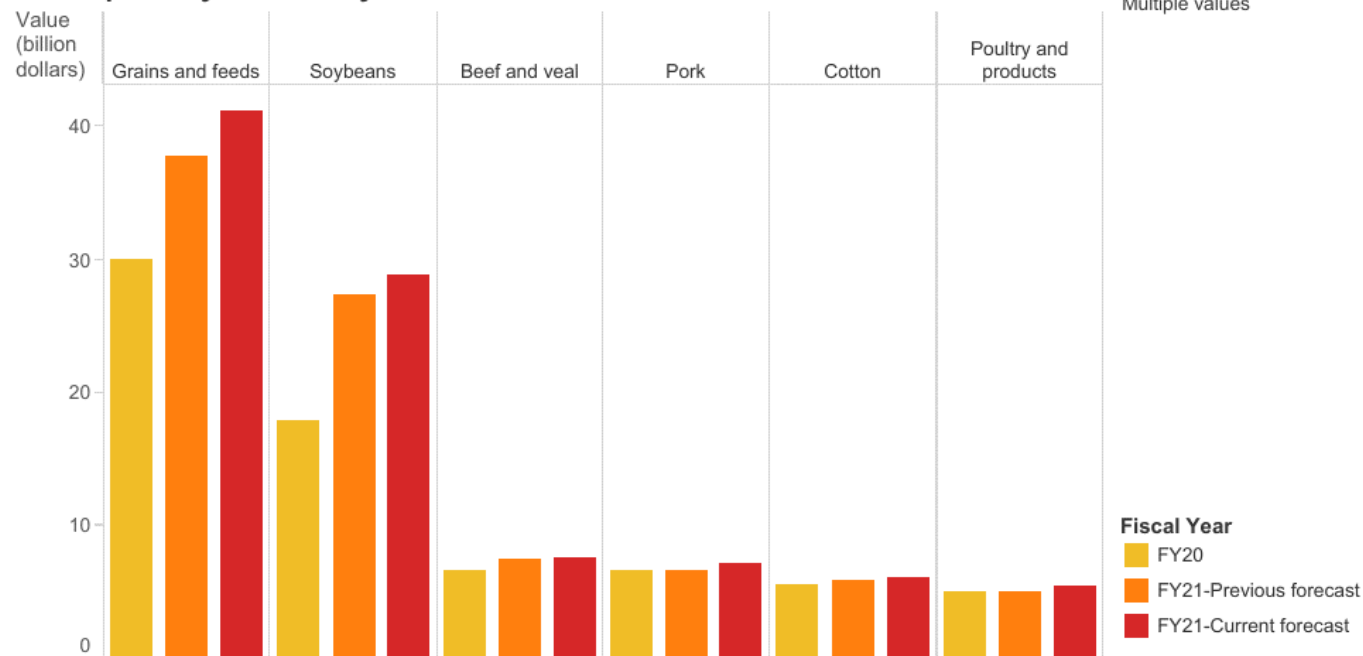


Source: USDA, Economic Research Service and USDA, Foreign Agricultural Service analysis and forecasts using data from U.S. Department of Commerce, Bureau of the Census.

2017	2018	2019	2020	Forecast fiscal year*	
				2021	
				February	May
Billion dollars					
140.2	143.4	135.5	135.7	157.0	164.0
119.1	127.5	130.8	133.2	137.5	141.8
21.1	15.9	4.7	2.5	19.5	22.2

51.1	12.8	4.1	5.2	18.2	55.5
100.0	115.7	126.7	130.5	118.8	146.3
108.9	111.6	126.1	128.2	97.3	121.7

U.S. exports by commodity

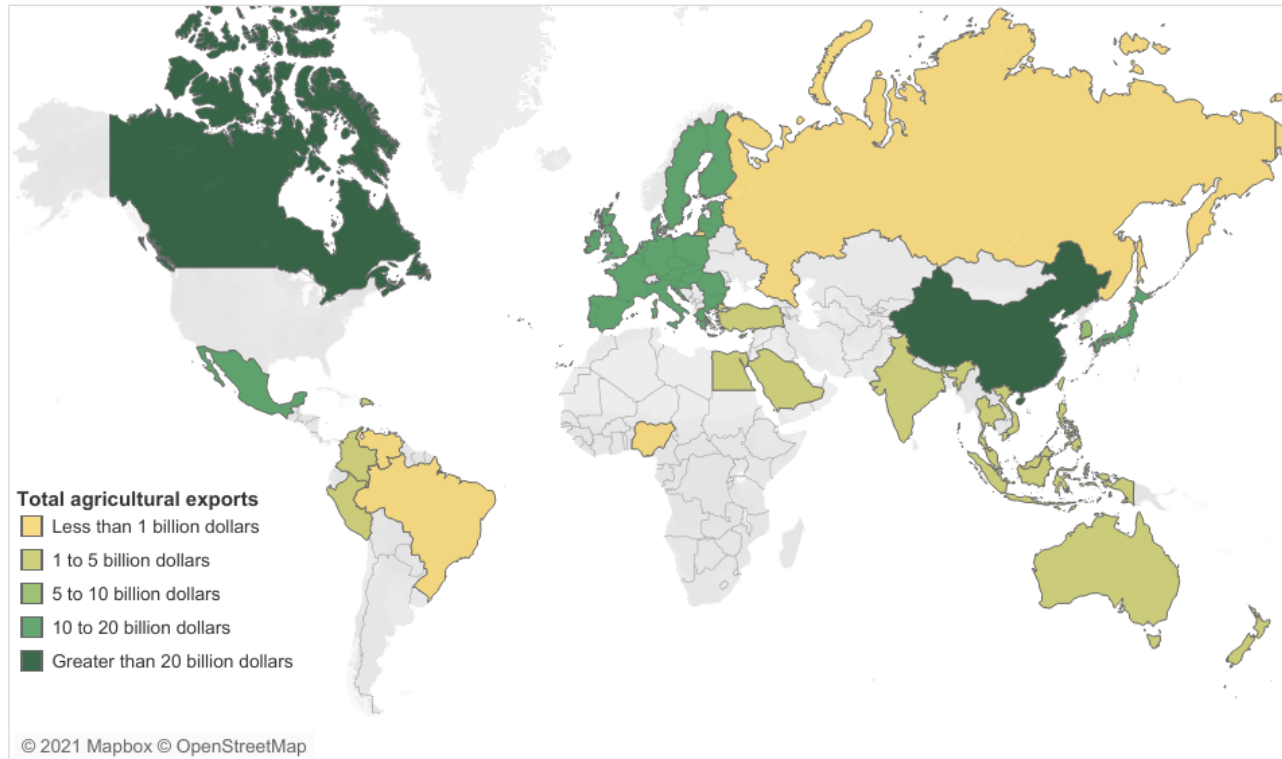


Note: Fiscal year (FY) covers October 1 of the previous calendar year to September 30 of the listed year. Values for some commodities are included in more than one figure (e.g., If both categories are selected, Fruits, fresh appears as a separate category and is also included in Horticultural products). To see how commodities are grouped, please refer to Table 3 of the Outlook for U.S. Agricultural Trade.

Trade forecasts for the fiscal year are released quarterly. FY21-Previous forecast was released in February 2021, and FY21-Current forecast was released in May 2021.

USDA, Economic Research Service and USDA, Foreign Agricultural Service analysis and forecasts using data from U.S. Department of Commerce, Bureau of the Census.

Total U.S. agricultural exports (billion dollars)

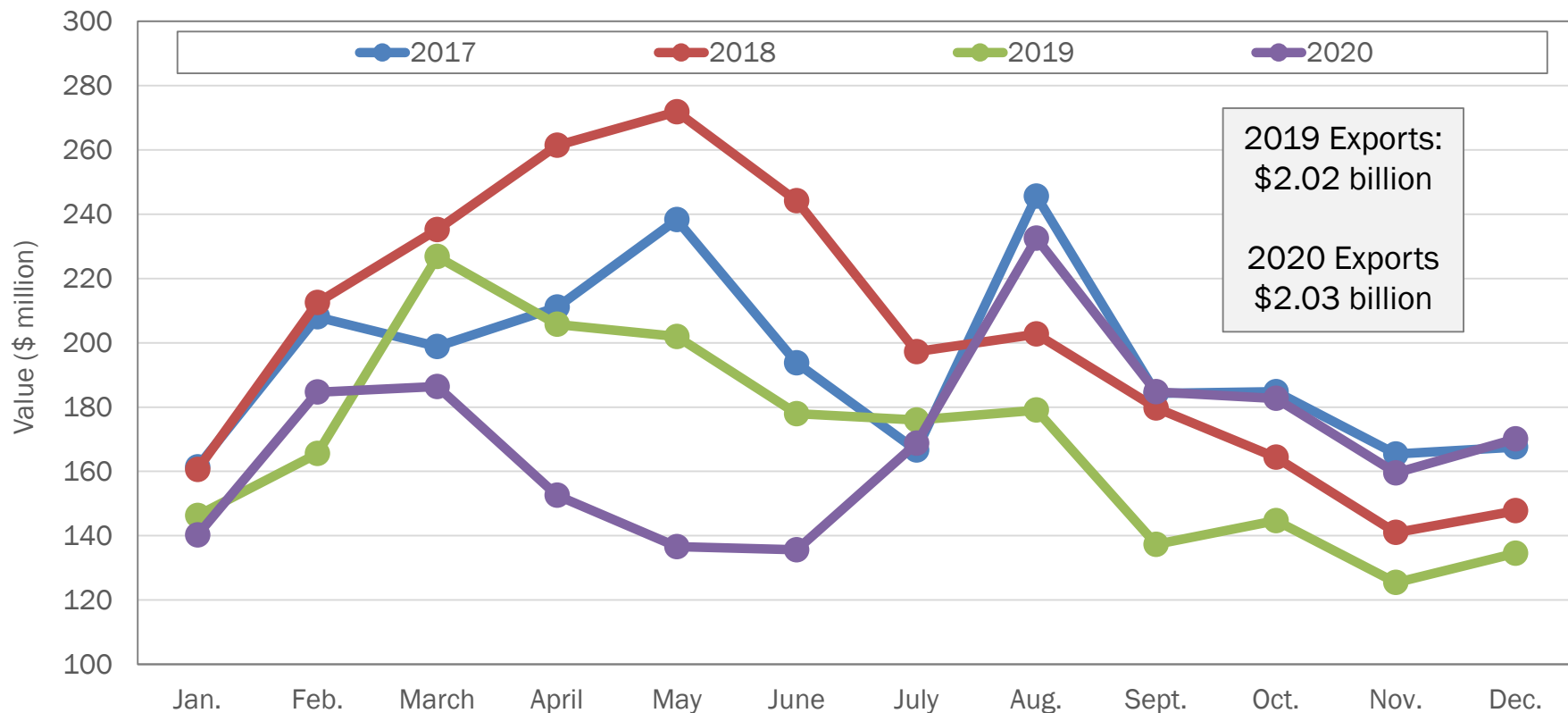


Note: Trade forecasts for the fiscal year are released quarterly. FY21-Previous forecast was released in February 2021, and FY21-Current forecast was released in May 2021. Australia and New Zealand are combined into Oceania in this dataset.

Source: USDA, Economic Research Service and USDA, Foreign Agricultural Service analysis and forecasts using data from U.S. Department of Commerce, Bureau of the Census.

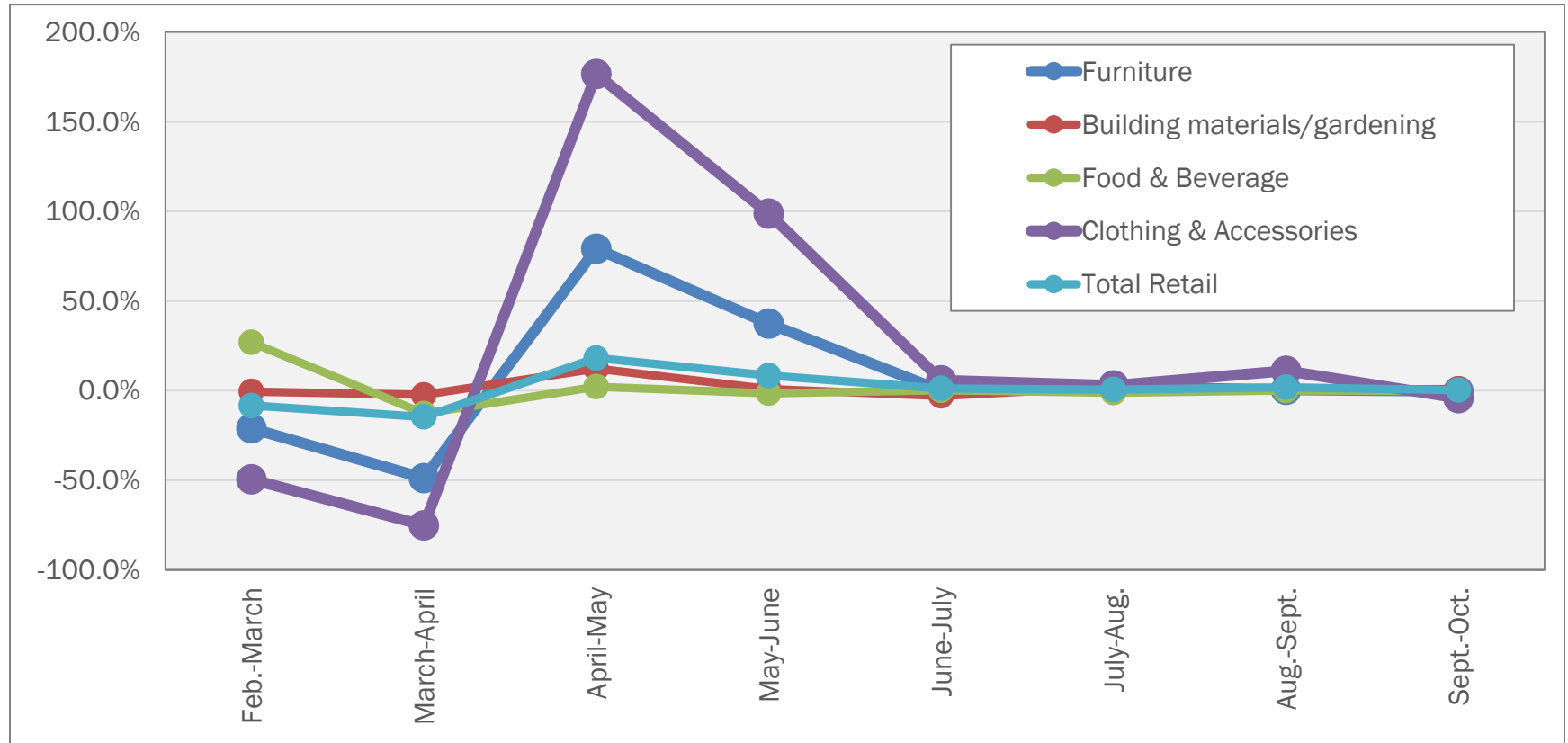
COVID-19 PANDEMIC AND TENNESSEE

Tennessee agricultural exports (monthly): 2017 - 2020



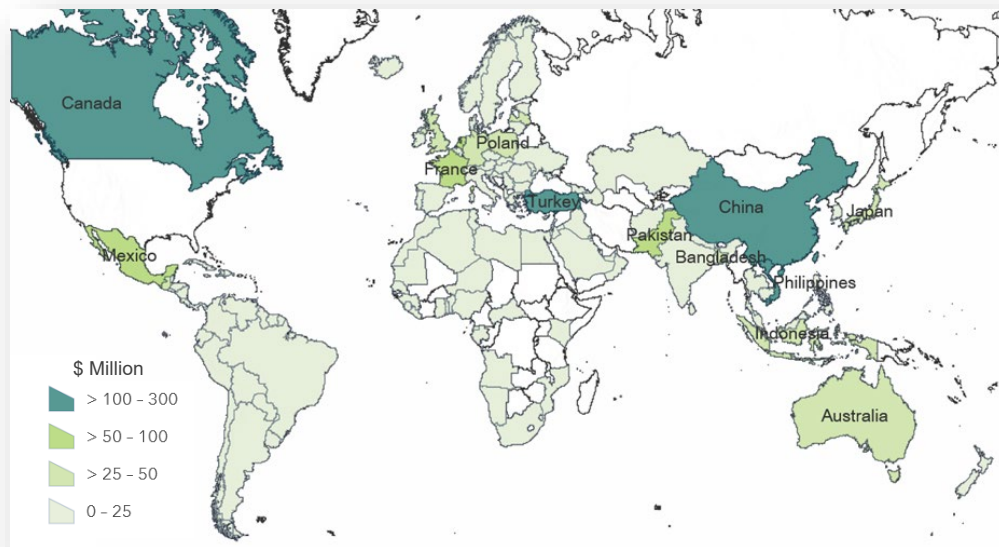
Source: U.S. Department of Agriculture, Global Agricultural Trade System (GATS)

Month-to-month retail sales changes (%) during the COVID-19 pandemic (2020)



Source: Statista Research Department, Feb. 2021

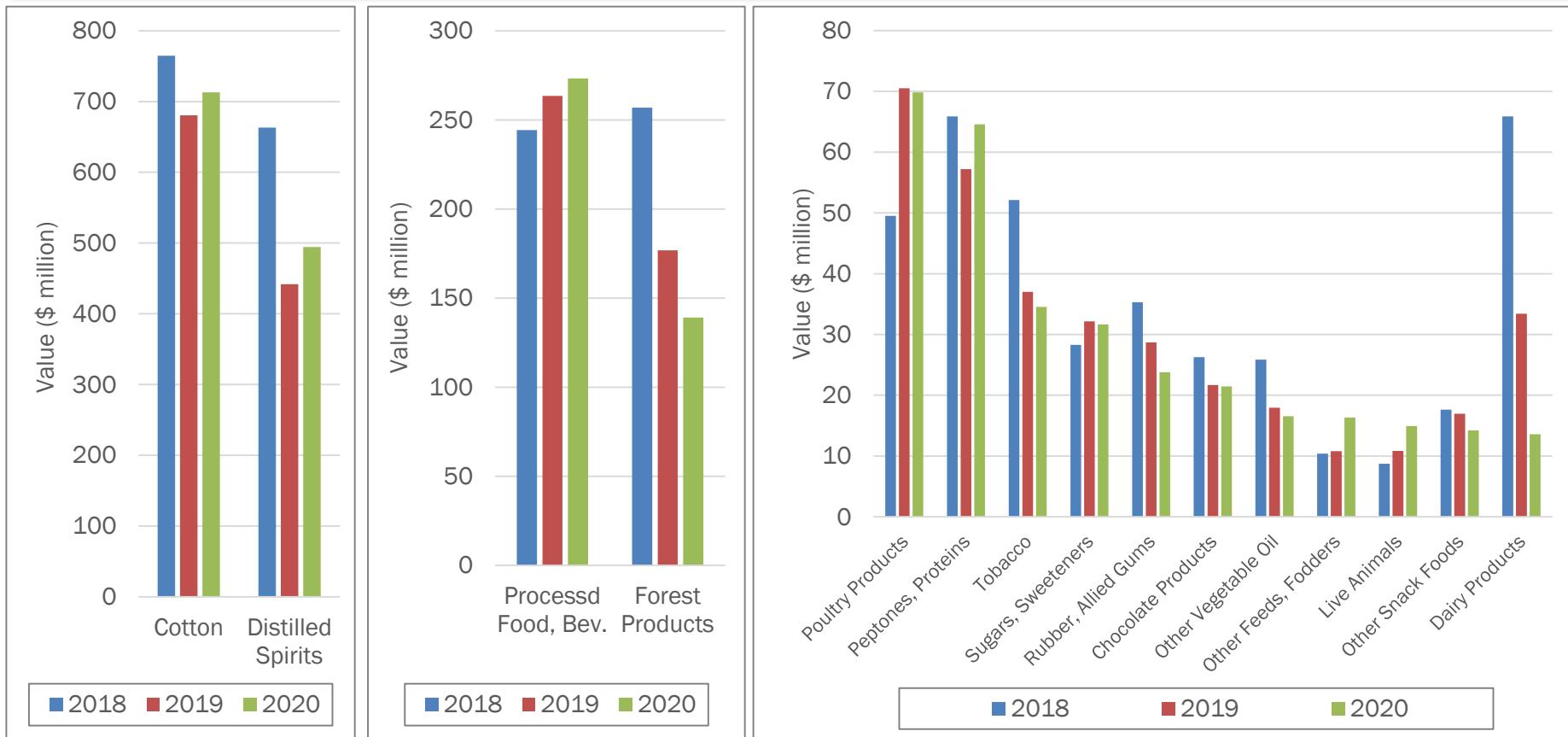
Tennessee Agricultural Exports to the World: \$2 billion to 130+ countries



Source: U.S. Department of Agriculture, Global Agricultural Trade System (GATS)

Rank		2019	2020	%Δ
		\$ million		
	World	\$2,021	\$2,034	0.7%
1	EU(28)	354.9	403.6	13.7%
2	China	96.3	322.0	234.6%
3	Canada	307.0	291.6	-5.0%
4	Vietnam	191.0	139.4	-27.0%
5	Turkey	117.1	112.3	-4.1%
6	Pakistan	91.8	96.5	5.2%
7	Mexico	76.7	64.2	-16.2%
8	Japan	53.4	50.9	-4.6%
9	Indonesia	68.3	46.7	-31.7%
10	Australia	36.4	42.5	16.7%
11	Bangladesh	62.8	35.3	-43.7%
12	Guatemala	40.6	24.9	-38.6%
13	So. Korea	24.5	24.5	-0.3%
14	Singapore	28.9	19.6	-32.2%
15	U.A.E.	21.0	17.8	-15.0%

Tennessee's Top Agricultural and Related Exports: 2018-2020



Source: U.S. Department of Agriculture, Global Agricultural Trade System (GATS)

Tennessee Agricultural and Forestry Exports: Year-to-date 2019 and 2020

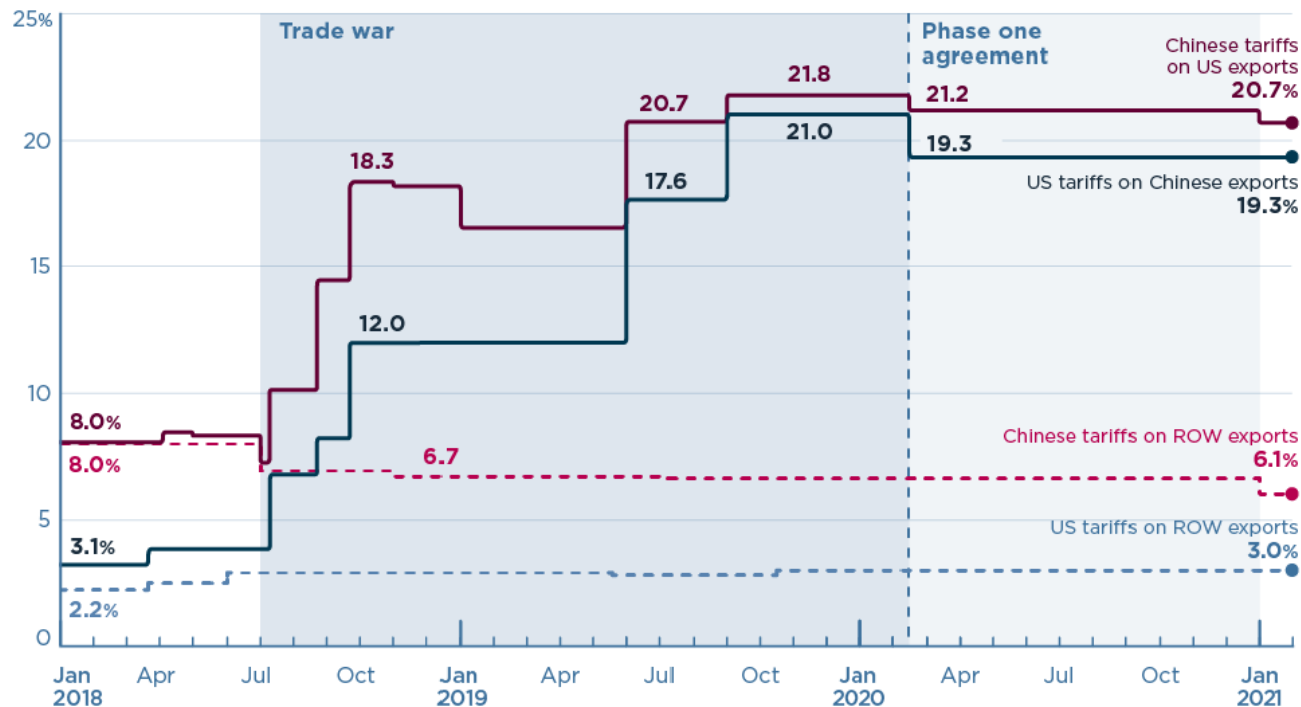
	Jan.-April 2020	Jan.-April 2021	% Change
\$ million			
Agriculture (total, excludes forest products)	\$607.2	\$726.0	19.6%
Cotton	\$225.5	\$283.9	25.9%
Distilled Spirits	158.0	190.4	20.5%
Bakery Goods, Cereals, & Pasta	84.2	74.2	-11.9%
Poultry Meat & Prods.	17.8	27.4	53.4%
Peptones & Proteins	23.0	26.7	16.4%
Soup & Other Food Preparations	17.9	21.9	22.2%
Tobacco	15.6	21.2	35.6%
Dairy Products	3.0	11.2	278.5%
Sugars & Sweeteners	13.3	9.8	-26.4%
Feeds & Fodders (Other)	4.3	8.5	95.5%
Forest Products (Total)	\$48.3	\$58.4	20.9%

Source: U.S. Department of Agriculture, Global Agricultural Trade System (GATS)

TRADE AND CHINA

US and Chinese tariffs moved in complex ways during the trade war

a. US-China tariff rates toward each other and rest of world (ROW)



Additionally...

As of 2021:

66% of Chinese exports are subject to U.S. tariffs.

58% of U.S. exports subject to Chinese tariffs.

U.S. Impacts of the Trade War with China

- U.S. agricultural and related exports to China decreased from \$24.0 billion in 2017 to \$13.2 billion in 2018, a 45% decline.
- Primarily driven by significant declines in:
 - soybean exports (-\$9 billion, -74%)
 - hides and skins (-\$337 million, -36%)
 - coarse grains (-\$318 million, -38%)
 - wheat (-\$245 million, -70%)

U.S. Impacts of the Trade War with China

- While U.S. agricultural exports to China were slightly higher in 2019 (\$16.3 billion) compared to 2018, sectors continued to experience declines:
 - coarse grains (\$330 million, -63%)
 - cotton (-\$218 million, -24%)
 - hides and skins (-\$195 million, -32%)
 - tobacco (-\$157, -99%)
- Receiving less attention has been the decline in U.S. **forest product exports to China**, decreasing by \$1.6 billion (-51%) over the two-year period (2017-2019)

Phase One Trade Agreement with China

- Signed Jan. 2020.
- Expanding Trade Chapter - Dedicated agricultural purchases.
- 2020 - No less than \$12.5 billion above 2017 baseline (\$24 billion).
- 2021 - No less than \$19.5 billion above 2017.
- Over 200 ag/food/fish product categories are in the agreement.
 - excludes some related products like forestry (forestry is under manufacturing).
- \$40 billion per year on average.
- This would amount to China almost doubling agricultural imports from the U.S.

U.S. Agricultural Exports to China: 2019 and 2020

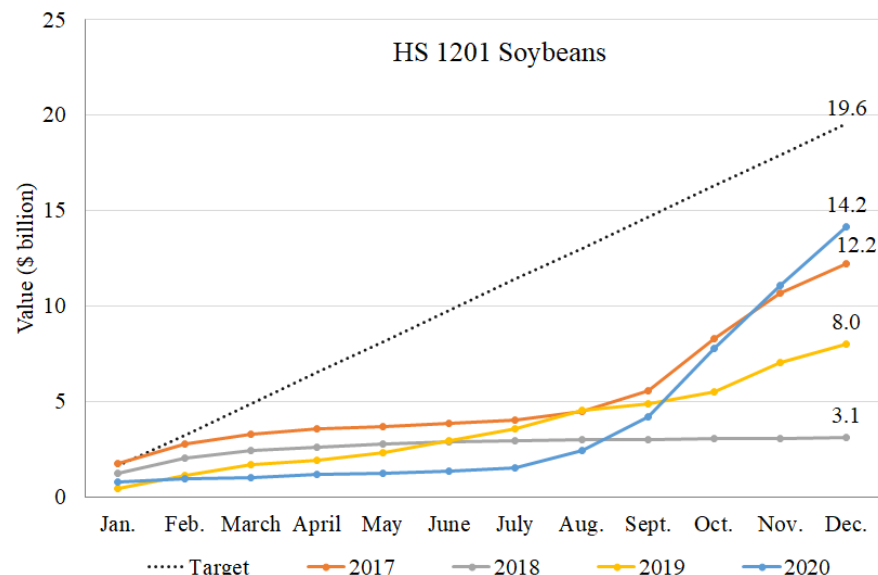
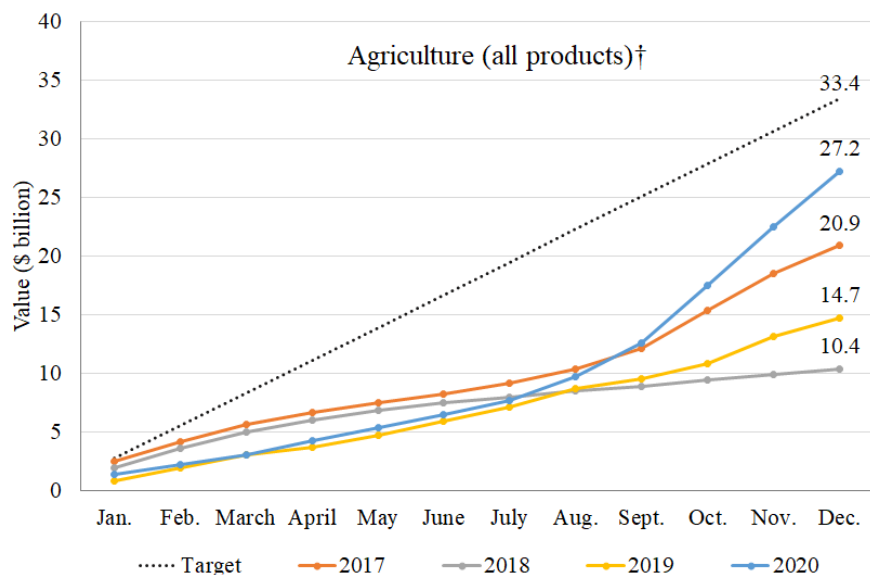
HS Code	Product	2019 (\$ mill.)	2020 (\$ mill.)	Change (%)
	Agriculture (all products)†	\$14,742	\$27,238	84.8
1201	Soybeans	8,005	14,161	76.9
5201	Cotton (not carded or combed)	705	1,821	158.5
0203	Pork, fresh, chilled or frozen	853	1,648	93.2
1005	Corn	58	1,206	1,966.6
1007	Grain sorghum	191	1,153	502.6
0207	Poultry (meat and offal), fresh, chilled or frozen	2	759	40,668.7
0802	Nuts, fresh or dried, shelled or peeled	584	705	20.6
1001	Wheat	56	570	926.2
0206	Edible offal, fresh, chilled or frozen	243	452	85.8
1214	Hay, alfalfa, other forage products	335	447	33.5
0303	Frozen fish (whole), excluding fillets	591	400	-32.2
4101	Raw hides (bovine or equine)	400	374	-6.6
2106	Other prepared foods	266	277	4.0
1202	Ground nuts	59	239	307.1
0202	Frozen beef (bovine)	70	224	217.3
N/A	All Other products	2,324	2,804	20.7

†Agriculture as defined in the Phase One Agreement.

Note: The table includes the top 15 categories based on 2020 exports to China. Smaller categories are not listed. The categories in the table accounted for 90% of total exports to China in 2020.

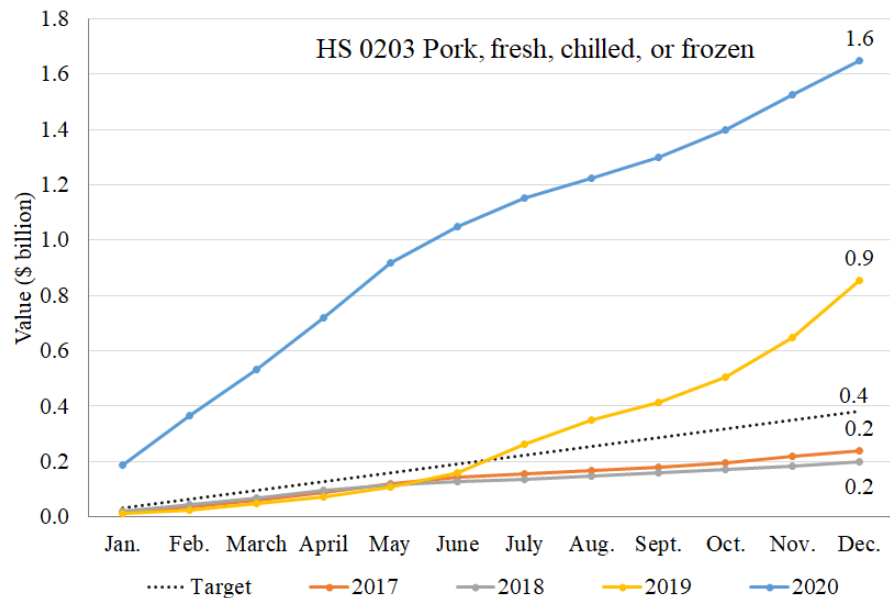
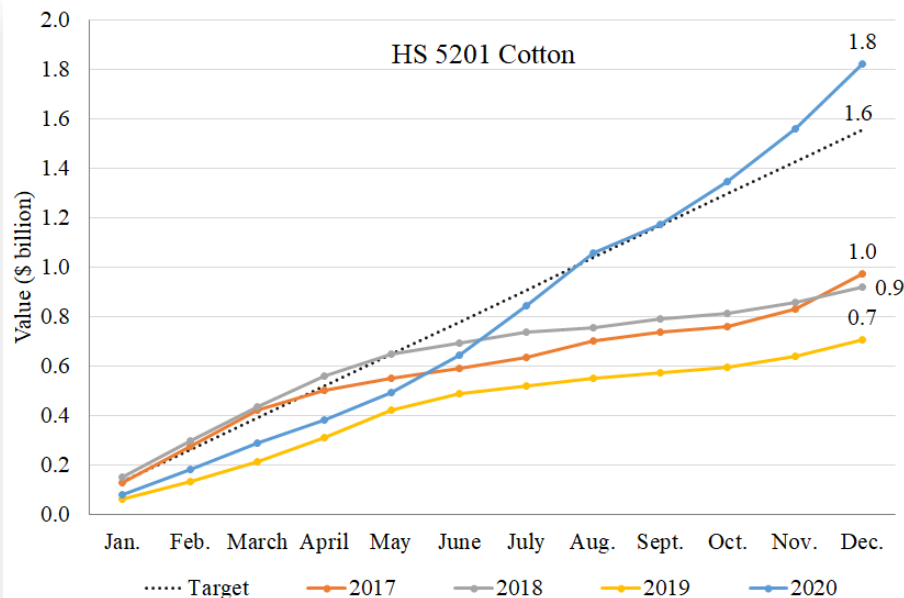
Source: U.S. Department of Commerce, Bureau of Economic Analysis, Trade in Goods (20172), and U.S. Census Bureau, Trade in Goods (20172).

U.S. Exports to China (monthly cumulative): 2017, 2019 and 2020



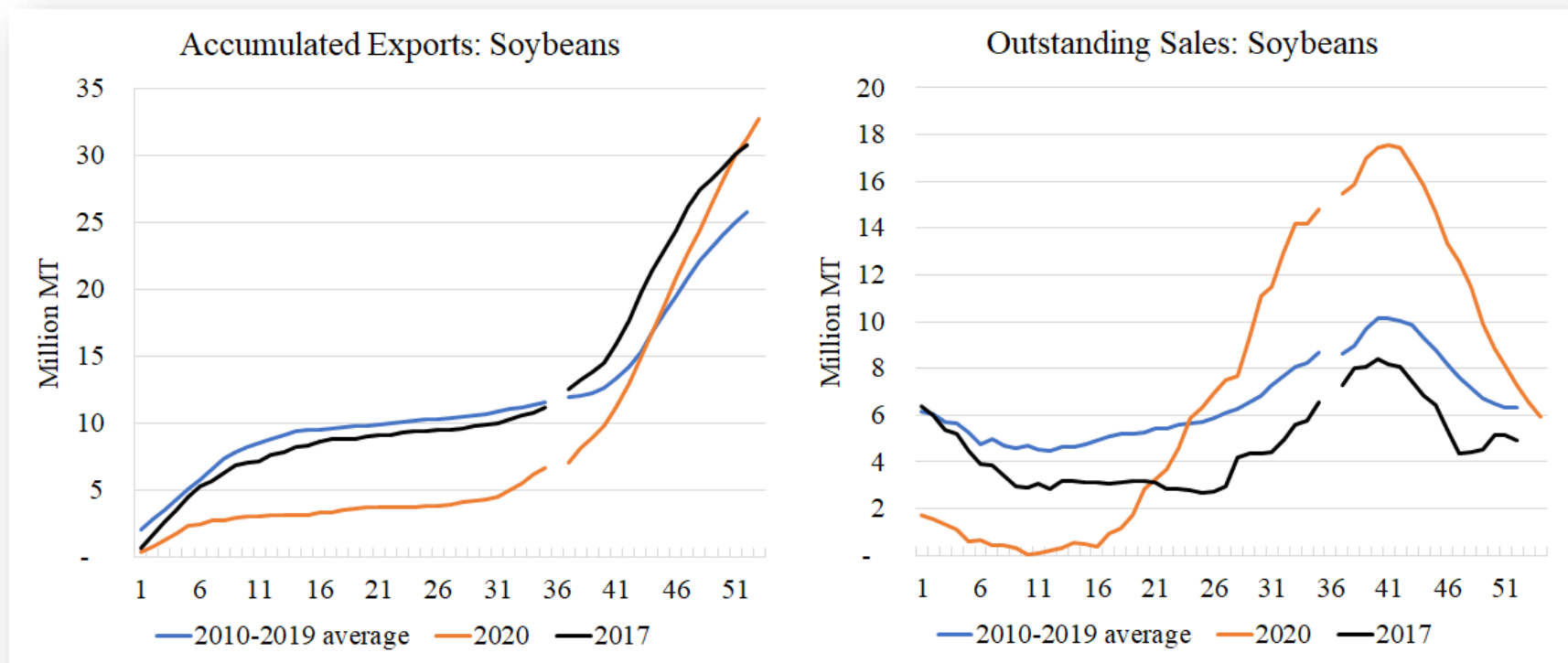
Source: U.S. Department of Agriculture, Global Agricultural Trade System (GATS)

U.S. Exports to China (monthly cumulative): 2017, 2019 and 2020



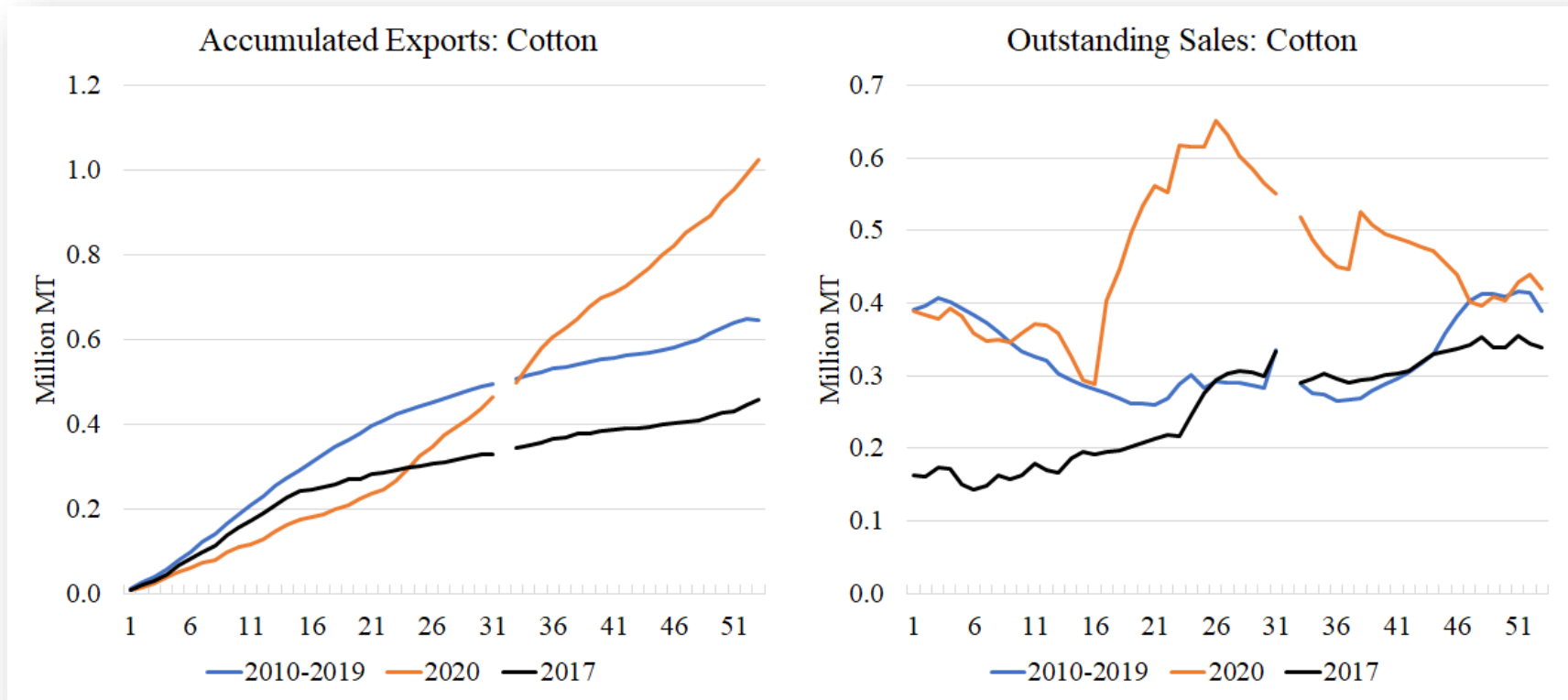
Source: U.S. Department of Agriculture, Global Agricultural Trade System (GATS)

U.S. Accumulated Exports and Outstanding Sales to China



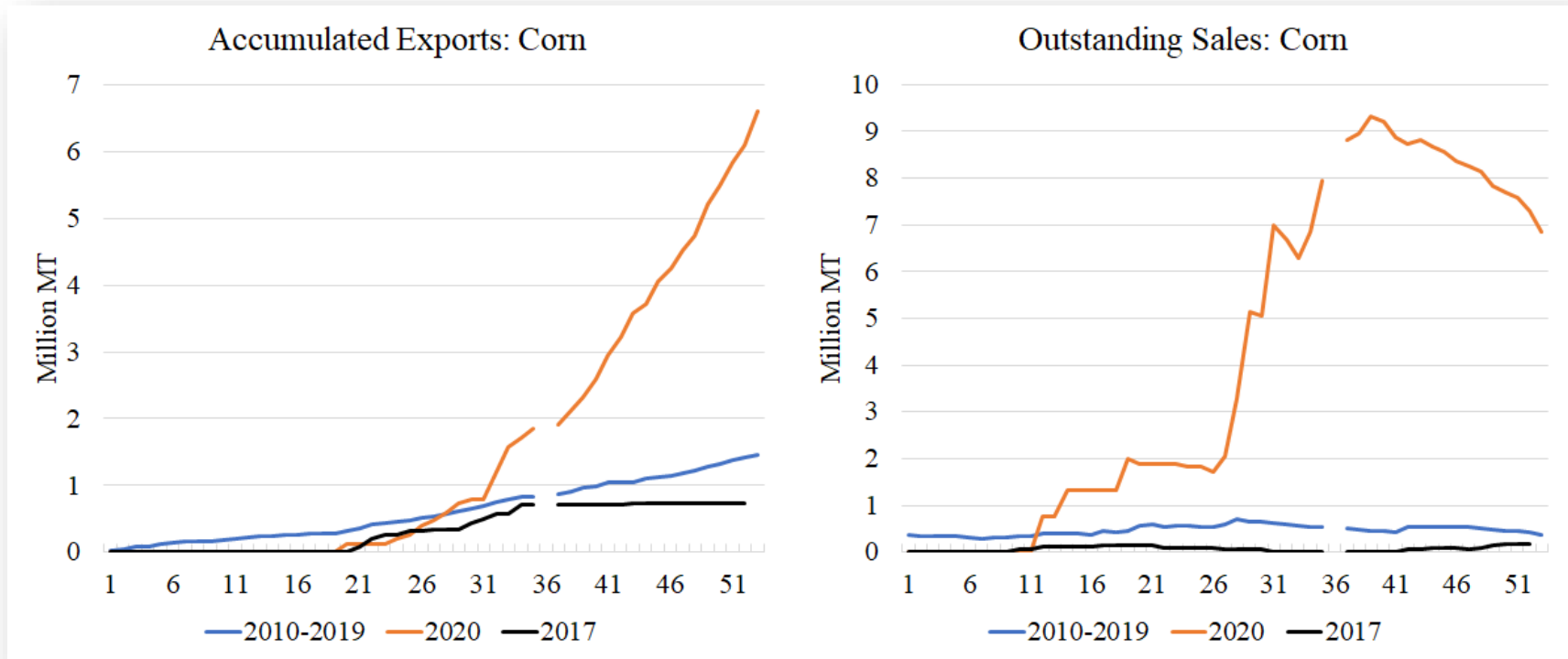
Source: USDA, FAS, U.S. Export Sales Report (weekly export sales)

U.S. Accumulated Exports and Outstanding Sales to China



Source: USDA, FAS, U.S. Export Sales Report (weekly export sales)

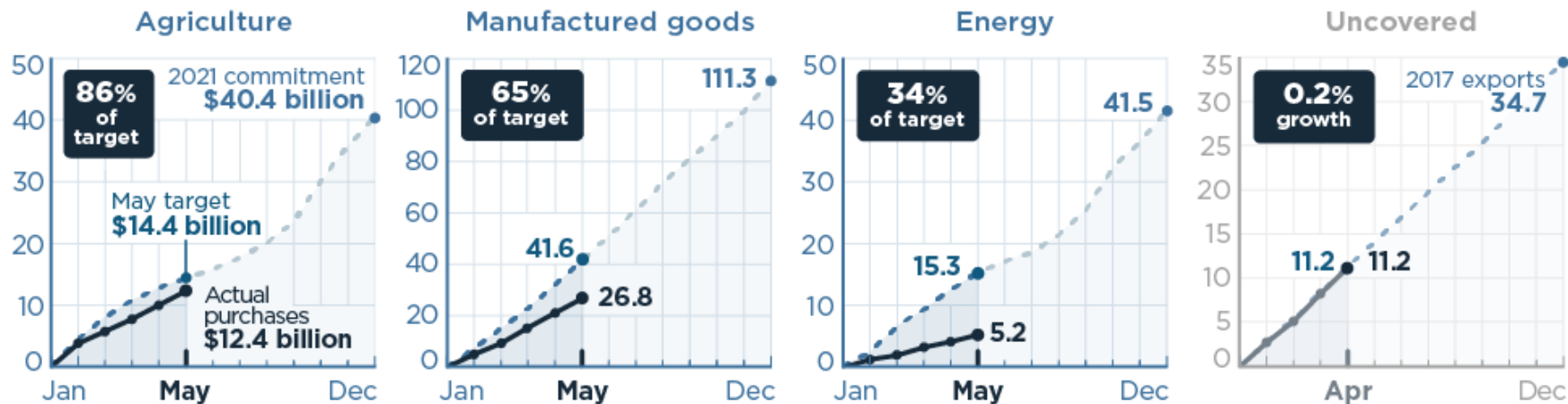
U.S. Accumulated Exports and Outstanding Sales to China



Source: USDA, FAS, U.S. Export Sales Report (weekly export sales)

U.S. Exports to China (monthly cumulative): 2021

c. US exports by product type, billions USD



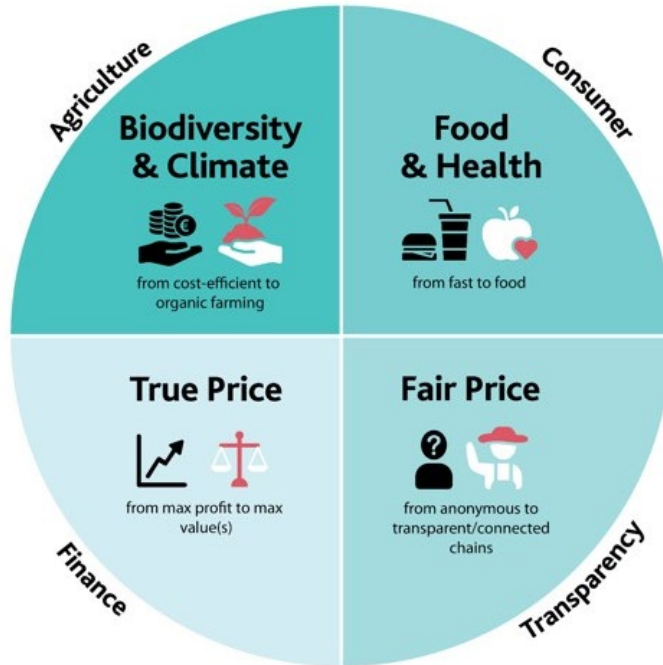
#PIECharts

Learn more at piie.com/research/piie-charts

CLOSING REMARKS

Farm to Fork

ACTION PLAN



For a successful transition
to 25% organic in 2030



Final Remarks

- **Sustainable Food Systems and Supply Chain Resilience**
- **Phase One Trade Deal** with China – What should the New Administration do?
- **Pending Trade Deals**
 - UK could be a less strict market relative to the EU?
 - Brazil, Kenya (What's at stake for agriculture?)
- **China – RCEP, ASEAN and CPTPP**
 - Need for an ASEAN (Southeast Asia) Trade Agreement
- **Biden's Trade Policy–Approach to China; Multilateralism (WTO)**

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