US-China Agricultural Trade and Shifting Consumption Patterns in China

Recorded Webinar available at Youtube: https://www.youtube.com/watch?v=4Hc4lKJ1Ahg
U.S.-China Trade War
U.S. Federal Customs Revenue, 2000 to 2020 Q1

Series of trade actions beginning in 2018

Based on USTR Section 301 investigation, expert panel estimating $50 billion in annual U.S. trade damages from “China’s unfair acts, policies, and practices.”

*2020 is for Q1 at an annualized rate

Source: Bureau of Economic Analysis, U.S. Dept of Commerce
What is your level of support for raising tariffs on imports from China as a response to the Coronavirus?

- Strongly Oppose
- Somewhat Oppose
- Neither
- Somewhat Support
- Strongly Support
Survey results from last year
Qu et al., CARD Policy Brief 19-PB 26, October 2019

Respondent's Level of Support for Raising Tariffs on Products Imported From China

- Strongly Support, 22%
- Somewhat Support, 38%
- Neither, 11%
- Somewhat Oppose, 12%
- Strongly Oppose, 18%

https://www.card.iastate.edu/products/policy-briefs/display/?n=1294
Survey results from last year
Qu et al., CARD Policy Brief 19-PB 26, October 2019

- The amount of U.S. debt held by China is a serious problem for the U.S.
  - Strongly Agree, 25%
  - Agree, 53%
  - Neither, 18%
  - Disagree, 4%
  - Strongly Disagree, 1%

- China's record of enforcing intellectual property rights leaves much to be desired
  - Strongly Agree, 31%
  - Agree, 45%
  - Neither, 23%
  - Disagree, 1%

https://www.card.iastate.edu/products/policy-briefs/display/?n=1294
What is your level of support for canceling some U.S. debt held by China as a response to the Coronavirus?

- Strongly Oppose
- Somewhat Oppose
- Neither
- Somewhat Support
- Strongly Support
Survey results from last year
Qu et al., CARD Policy Brief 19-PB 26, October 2019

It is important for the U.S. to maintain a healthy economic relationship with China

- Strongly Agree, 25%
- Agree, 67%
- Neither, 7%
- Disagree, 1%
- Strongly Disagree, 3%

China's Growing Economic Strength is Good for the World

- Strongly Agree, 3%
- Agree, 38%
- Neither, 39%
- Disagree, 17%
- Strongly Disagree, 3%

https://www.card.iastate.edu/products/policy-briefs/display/?n=1294
What is your view on the long-term outlook for demand growth in China and exports of U.S. agricultural products?

- U.S. ag exports to China will decline
- U.S. ag exports to China will remain stable
- U.S. ag exports to China will increase
- I don’t know
US-China Agricultural Trade and Shifting Consumption Patterns in China

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China Records First Ever Contraction in Quarterly GDP on Coronavirus

GDP contraction of 6.8% foreshadows pain likely to be reported world-wide

Viral Hit
China recorded its first GDP contraction since it began reporting quarterly figures in 1992.

Quarterly GDP, change from a year earlier

Source: National Bureau of Statistics via Wind

GDP PLUNGES AMID CORONAVIRUS

First quarter 2020 GDP: U.S. economy contracted for the first time in six years

Emily McCormick
Yahoo Finance April 29, 2020

SHATRED AREA INDICATES RECESSION
SOURCE: U.S. BUREAU OF ECONOMIC ANALYSIS
The novel coronavirus has shocked the world’s economies.

The virus has spread to more than 100 countries and many U.S. states. This has rattled global stock markets, plunging the Dow more than 2,000 points on March 9 – the biggest one-day drop since the 2008 Great Recession.

Concerns about potential global economic decline has made implementation of the U.S.-China phase one trade deal uncertain. This deal requires China to purchase an additional US$12.5 billion worth of U.S. agricultural products in 2020, and $19.5 billion more in 2021.

In our recent research on the impacts of the U.S.-China trade war on U.S. agriculture, we argue that China has the capability to make these purchases, despite delays and disruptions to supply chains and trade flows caused by the coronavirus.

Unappreciated hazards of the US-China phase one deal

US export targets for agriculture, energy, and manufactured goods under phase one deal may be difficult to achieve

Total US exports to China by covered sector, billions USD

- Agriculture

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Export value required by phase one deal
Chinese GDP growth projection
Actual
US export trend projection
US-China Phase 1 Trade Deal and US agriculture: A big win for farmers or too good to be true?
By Wendong Zhang, extension economist, 515-294-2536, wdzhang@iastate.edu

Seven things to know about China to understand the trade war
By Wendong Zhang, extension economist, 515-294-2536, wdzhang@iastate.edu
A possible & more balanced pathway for China’s ag import surge?

Key Chinese agricultural imports by commodity and country in 2017
US Pork Exports to China Surged b/c ASF, so has Europe’s

Chinese Monthly Pork Imports 2017/01 - 2020/03

Source: UN Comtrade

Pig333

IOWA STATE UNIVERSITY
Extension and Outreach

Source: UN Comtrade
Pig333
US Pork Exports to China Surged b/c ASF, so has Europe’s

Daily Pork Prices: US vs. China

Source: UN Comtrade
Pig333

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Center for Agricultural and Rural Development
US Soybean Exports Comparable to 2019, but behind 2017

Chinese Soybean Imports by Month 2017/01 - 2020/03

Source: UN Comtrade
What remains unchanged:
Comparative advantage for US Ag
What remains unchanged after COVID-19: Chinese surging meat consumption & beyond

A Meatier Middle Kingdom

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<th>Beef and veal</th>
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<td>2026</td>
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Source: Caixin Data

Original Sources: Organization for Economic Co-operation and Development, Food and Agriculture Organization of the United Nations

Charts of the Day: China’s Growing Meat Consumption

Consumers buy cherries at a supermarket in Guangzhou, capital of Guangdong province. [Photo by Li Zhihao/For China Daily]
What remains unchanged after COVID-19: Chinese surging middle class

88 percent of the next billion entrants into the middle class will be in Asia.

By 2030, Asia could represent 2/3 of the global middle class population.

- 350m in China
- 380m in India
- 210m in rest of Asia
- 130m in rest of the world

BROOKINGS
What remains unchanged after COVID-19: Chinese continued overseas investment & diversification through BRI
What has changed due to the coronavirus?

High Speed Rail & Social Governance

Chinese Livestock Industry Modernization

African Swine Fever Cases in China (Mainland)

High-speed rail lines, 2017, km '000
- In operation
- Under construction/planned

China
Spain
France
Japan
Germany
United States
Britain

Economist.com
In China, 500+ million consumers shop on mobile phones, even before the coronavirus
In this time of crisis, we face two particularly important choices. The first is between totalitarian surveillance and citizen empowerment. The second is between nationalist isolation and global solidarity.

https://www.ft.com/content/19d90308-6858-11ea-a3c9-1fe6fedcca75
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中华民族伟大复兴

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