

# *Where do we go from here?: U.S. – China Trade Agreement*

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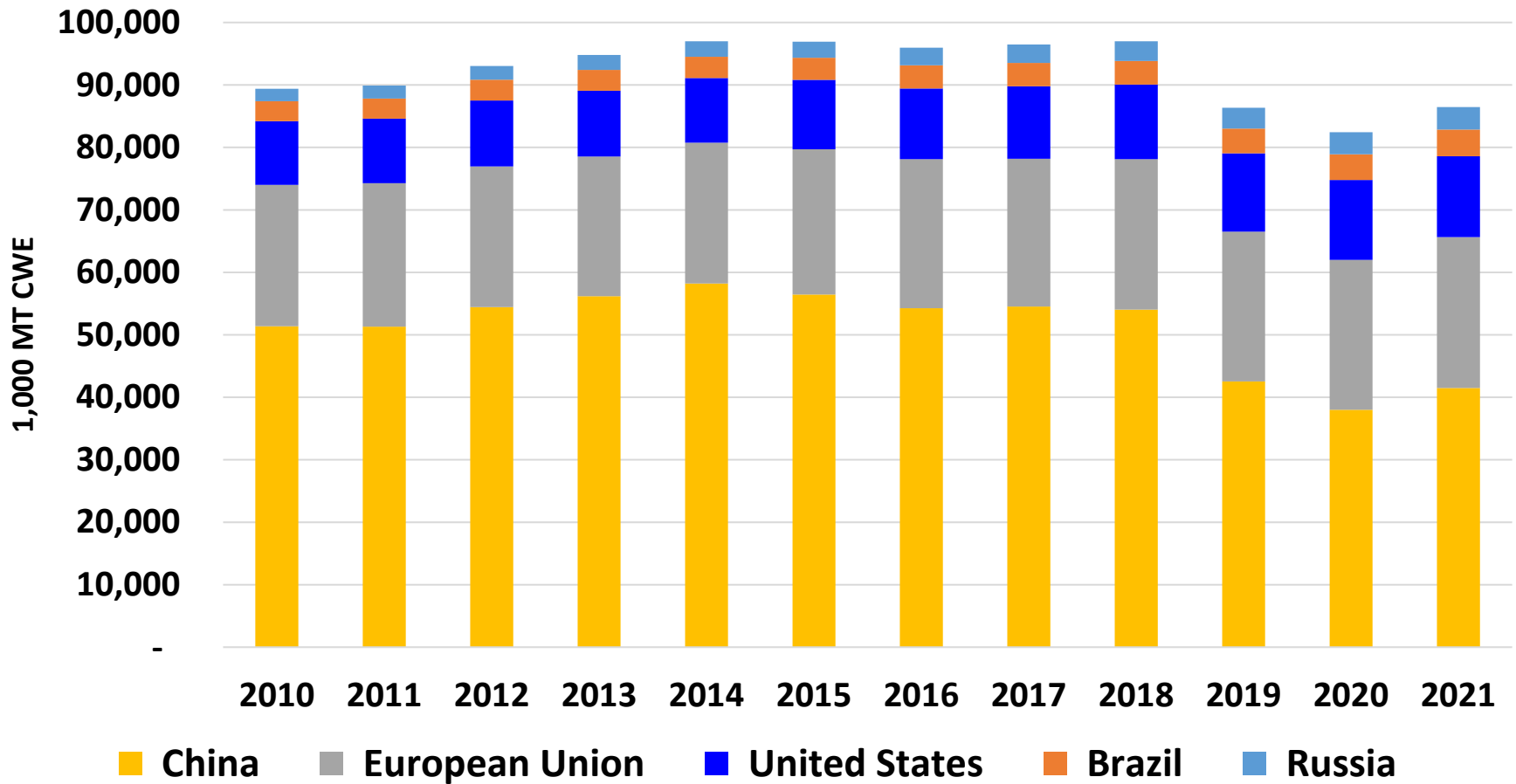
EXTENSION

# Motivation for Chinese Buying: My Assessment

- Demand for livestock feed is growing.
    - Pork (herd rebuilding), poultry and eggs, dairy, aquaculture.
  - Chinese corn production is good, not great.
    - Government continues to auction corn from reserves with strong buying interest.
    - Chinese imports of other feed grains (sorghum and barley) is also very strong.
    - More reports of low quality wheat and rice being used in livestock rations.
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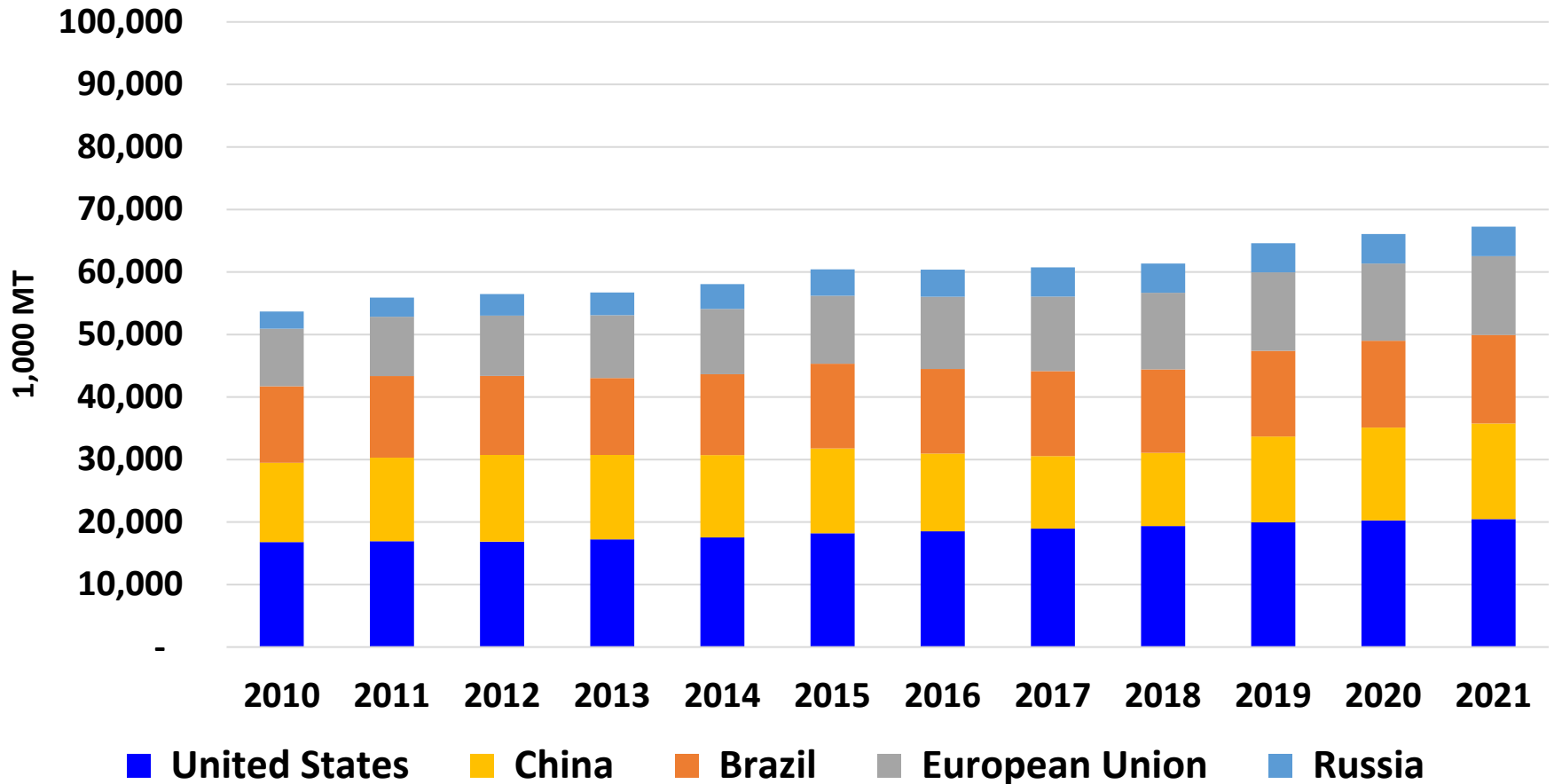
# World Pork Production

## Swine Meat



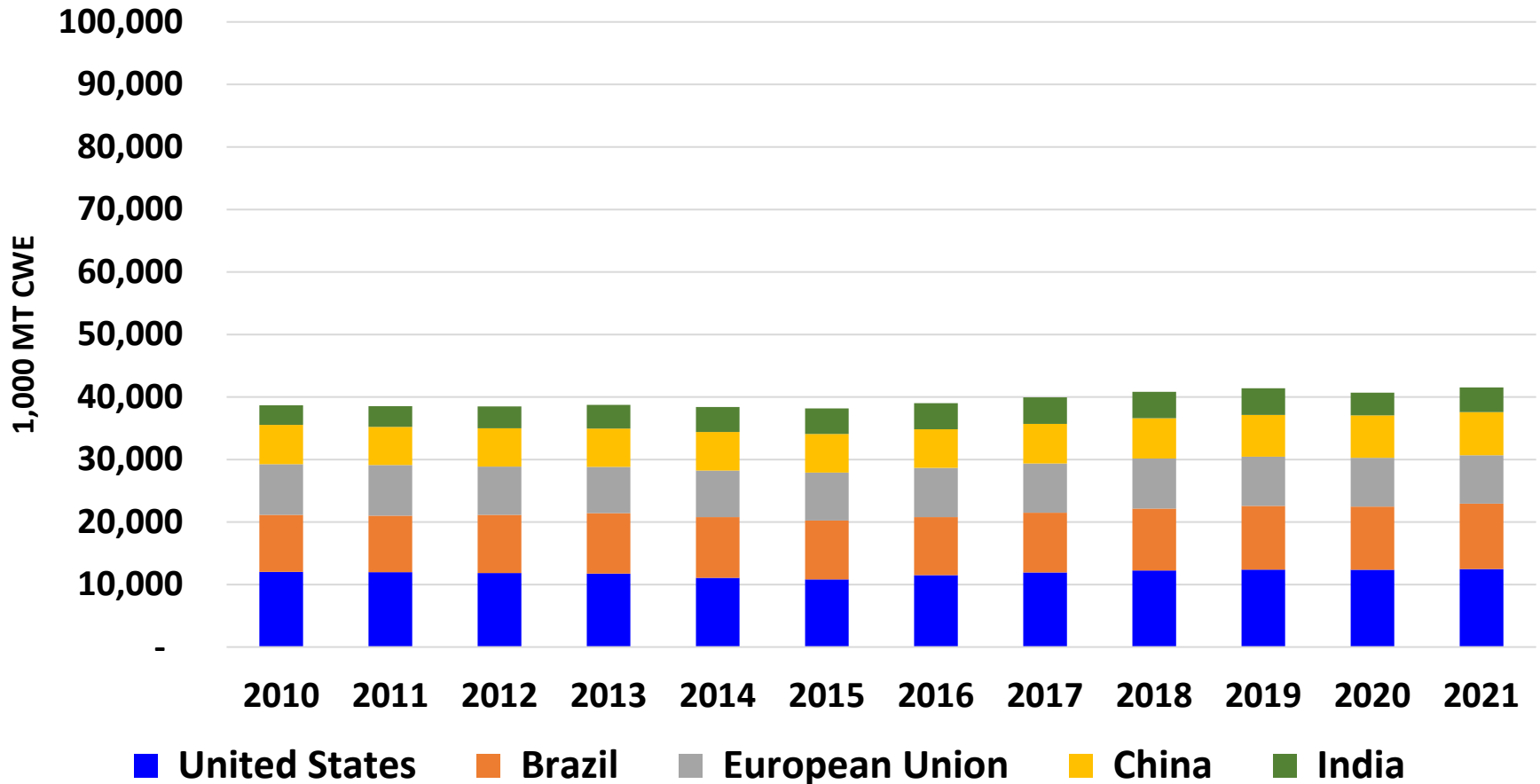
# World Chicken Production

## Chicken Meat



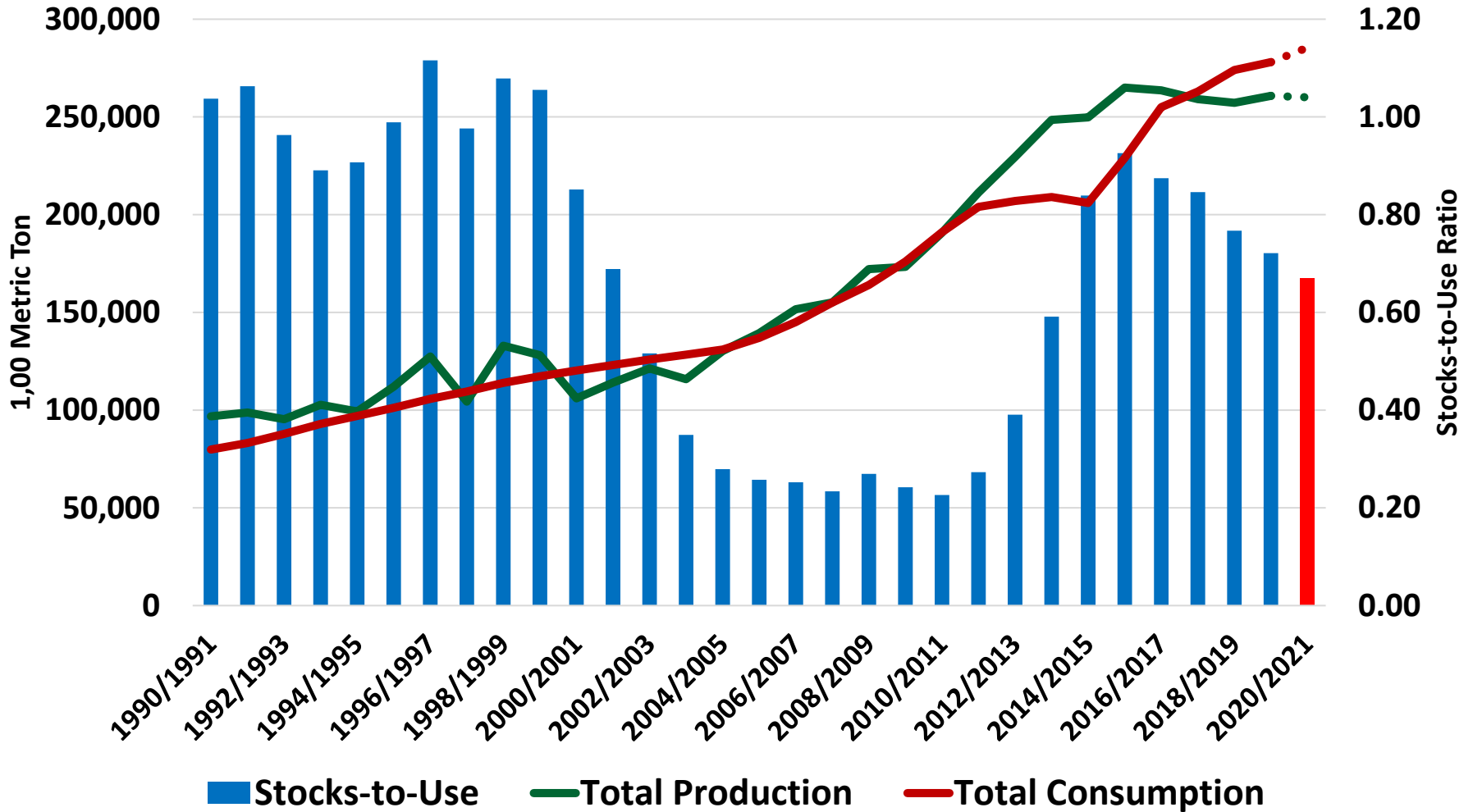
# World Beef & Veal Production

## Beef & Veal Meat



# China Corn – Total Production & Use

(1,000 Metric Tons)



# Motivation for Chinese Buying: My Assessment

- Private and government owned grain buyers are building inventories due to:
  - Ongoing political, economic and trade tensions between U.S. and China.
  - Production concerns in Brazil and Argentina.
- Phase One trade agreement.
  - Phase One trade agreement is helping reduce hurdles to trade, but it is unlikely 2020 total purchasing targets will be met.

# U.S. – China Phase One Review

- Six chapters, with two directly impacting agriculture.
    - *Chapter 3 – Trade in Food and Agricultural Products* reduces non-tariff trade barriers.
    - *Chapter 6 – Expanding Trade* describes additional purchases of U.S. products.
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# U.S. – China Phase One Review

- Additional \$32 billion in agricultural products over two years.
  - Additional \$12.5 billion in 2020.
  - Additional \$19.5 billion in 2021.
  - Over 2017 levels, but value is not specified.
    - U.S. records or China records?

# U.S. – China Phase One Review

- Sub-category minimums are also specified but not released to public.
    - Oilseeds (soybean)
    - Meat
    - Cereals
    - Cotton
    - Other agricultural commodities
    - Seafood.
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# U.S. – China Phase One Review

- What does Chinese buying strategy look like?
    - China is value buyer.
      - Price is important, but not the only factor.
      - Quality, timeliness and consistency.
    - Chinese government influences ag import levels and timing by issuing tax exempt import permits.
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# U.S. – China Phase One Review

- What happens if U.S. and China can't agree on value of purchase?
    - “Parties shall engage in consultations.”
  - What happens if China does not meet the agreed upon purchase levels?
    - Unknown.
  - U.S. and Chinese trade officials are meeting on a monthly basis to monitor progress and discuss implementation issues.
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# Value of U.S. Ag. Exports to China

Product	2017		2020	
	Jan. – Oct. Total (\$1,000)	Annual Total (\$1,000)	Product	Jan. – Oct. Total (\$1,000)
Soybean	8,284,323	12,224,802	Soybean	7,829,034
Cotton	761,560	972,554	Meat of Swine	1,396,801
Raw Hides – Bovine	720,040	876,715	Cotton	1,344,685
Grain Sorghum	644,498	839,459	Grain Sorghum	761,363
Whole Frozen Fish	750,486	821,879	Corn	680,677
Animal Fodder	327,527	388,818	Poultry Meat	597,707
<b>Total All 217 Products</b>	<b>15,331,581</b>	<b>20,836,706</b>	<b>Total All 217 Products</b>	<b>17,452,587</b>

# U.S. – China Political Issues

- U.S. trade deficit with China
  - Intellectual property rights
  - Banking and finance
  - Business investment
    - U.S. companies operating in China
    - Chinese companies operating in U.S.
  - Hong Kong oversight & Taiwan independence
  - COVID-19 information
  - Environmental standards
  - Human rights issues
  - Others!
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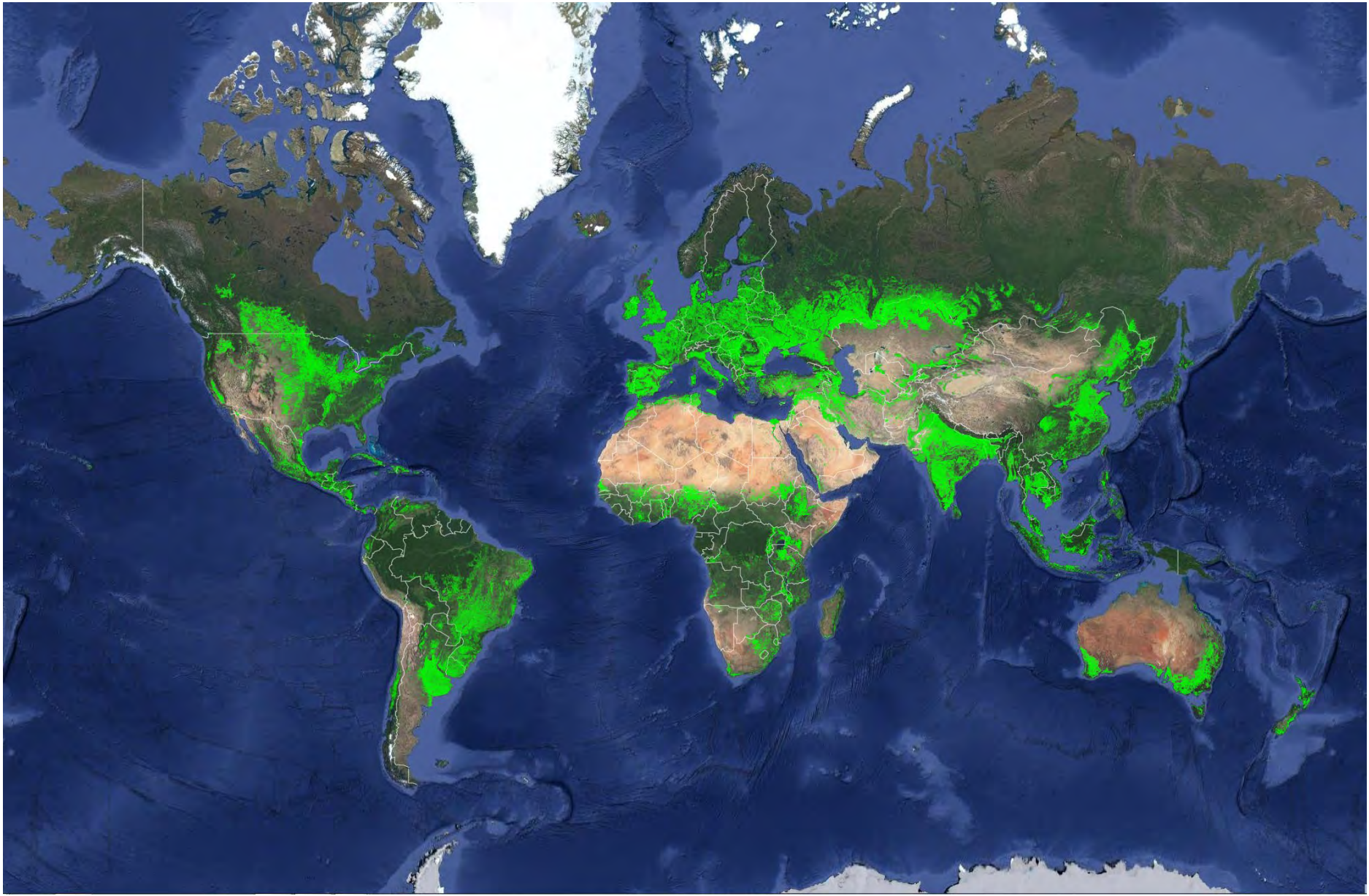
***Questions?***



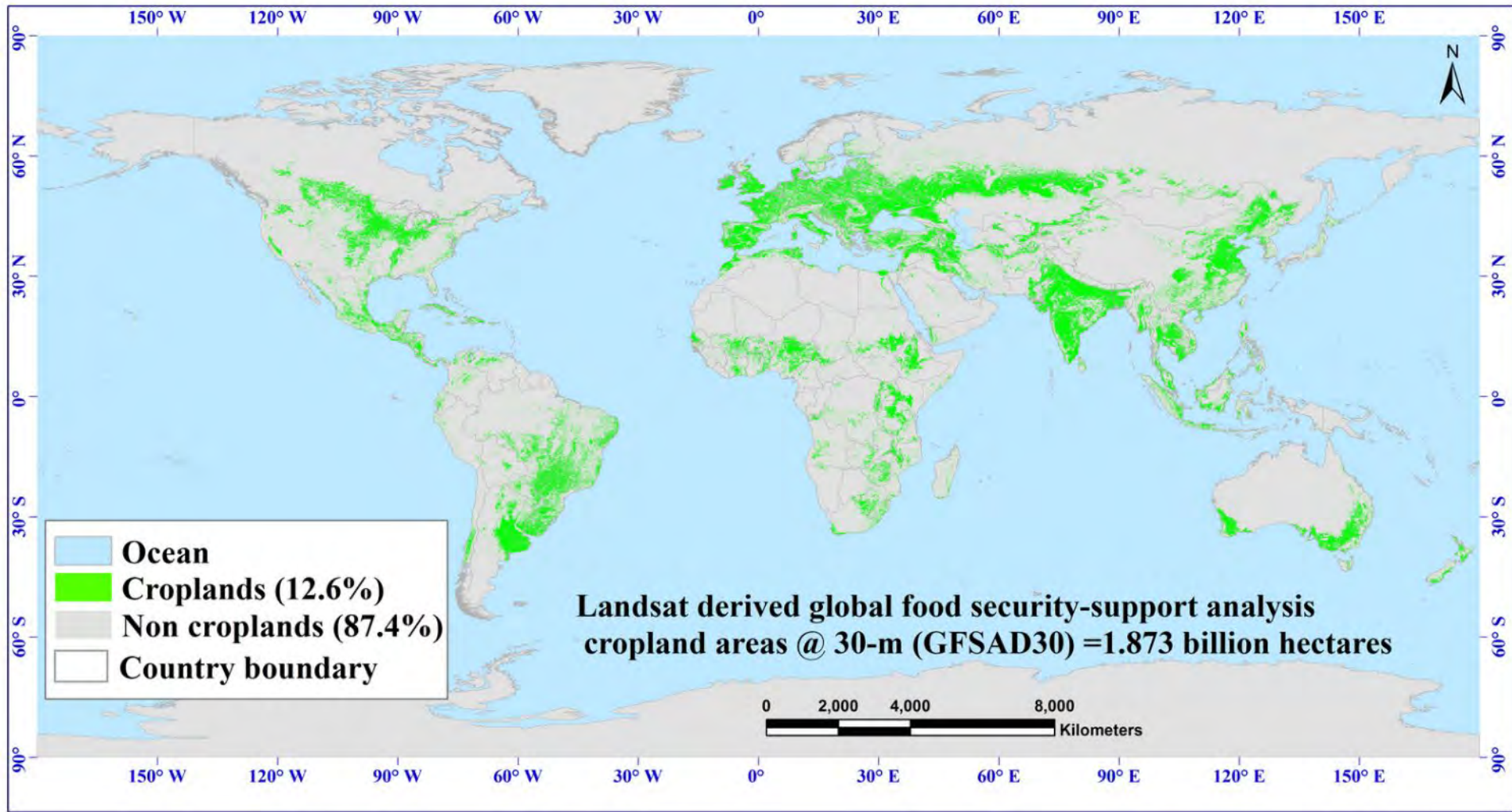
# Other Sources for Ag Products

- South America
    - Brazil
    - Argentina
  - Black Sea
    - Russia
    - Ukraine
  - Central and South Africa
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# BR-162 Paving to North Ports Completed

**Paved from Mato Grasso to Santarem, PA**

**Paving lowered shipping costs to Port of Miritituba by 11%**



**BR-163 Before**

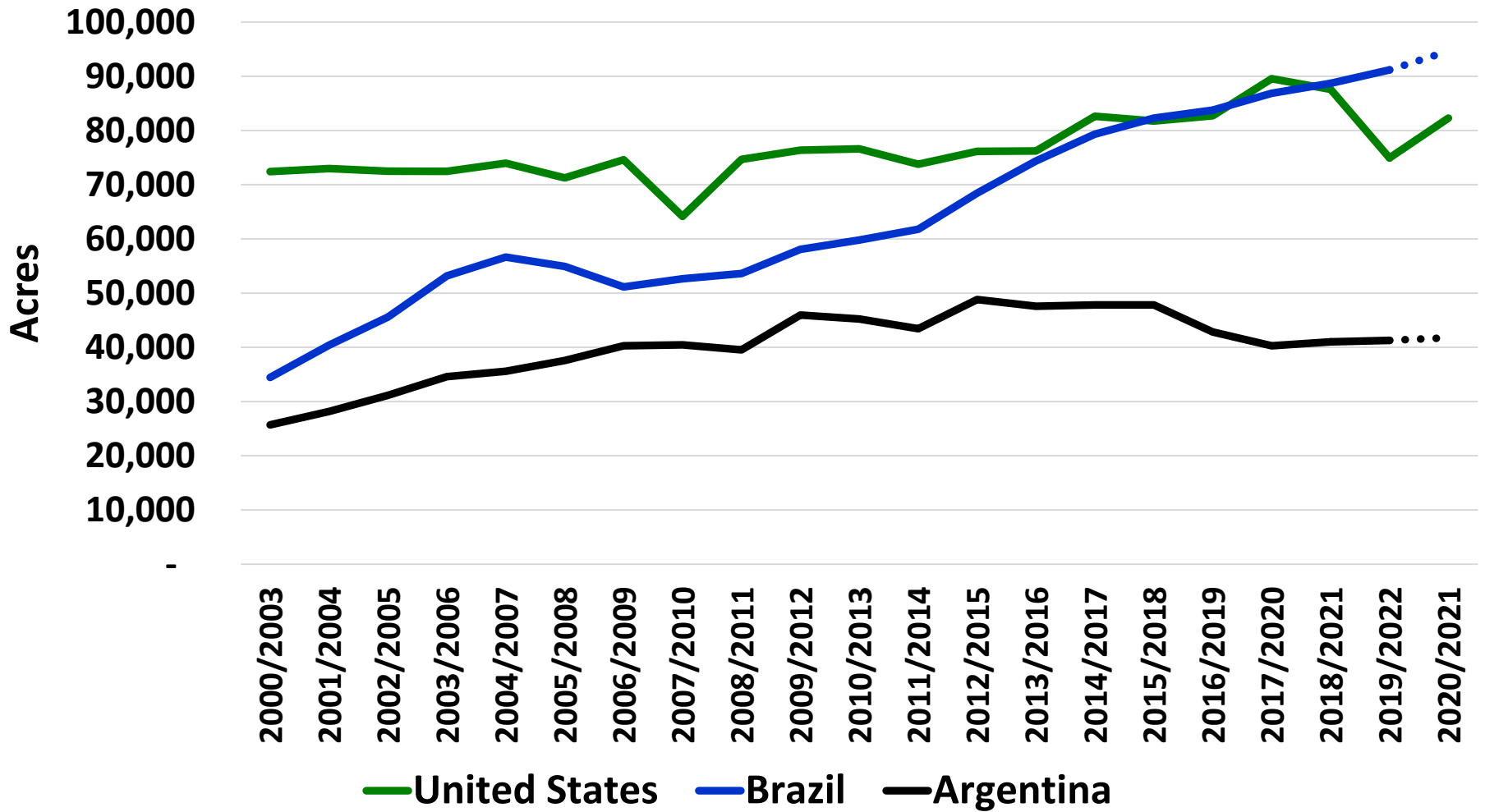


**BR-163 After**

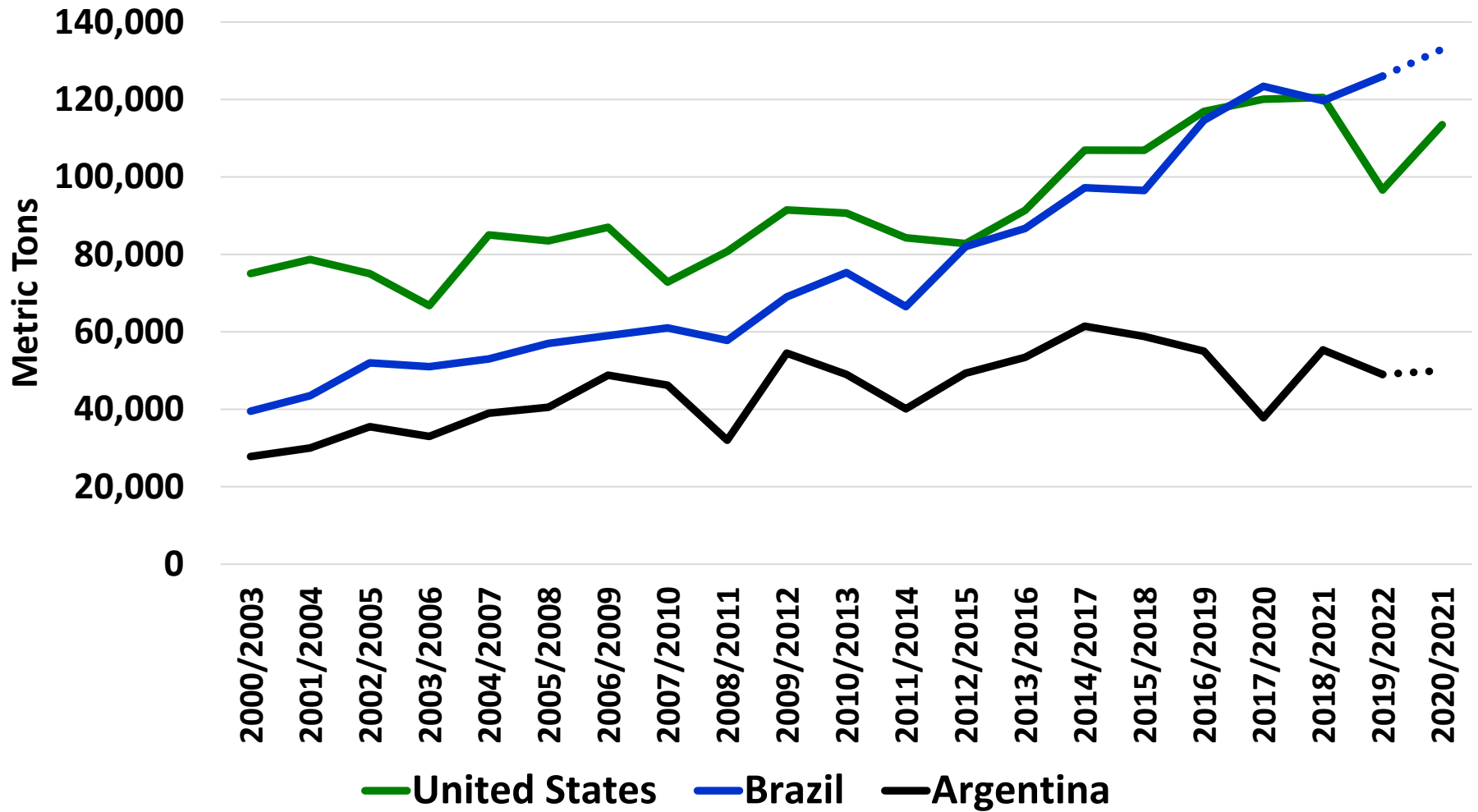
# BR-162 Paving



# Soybean Harvested Acres

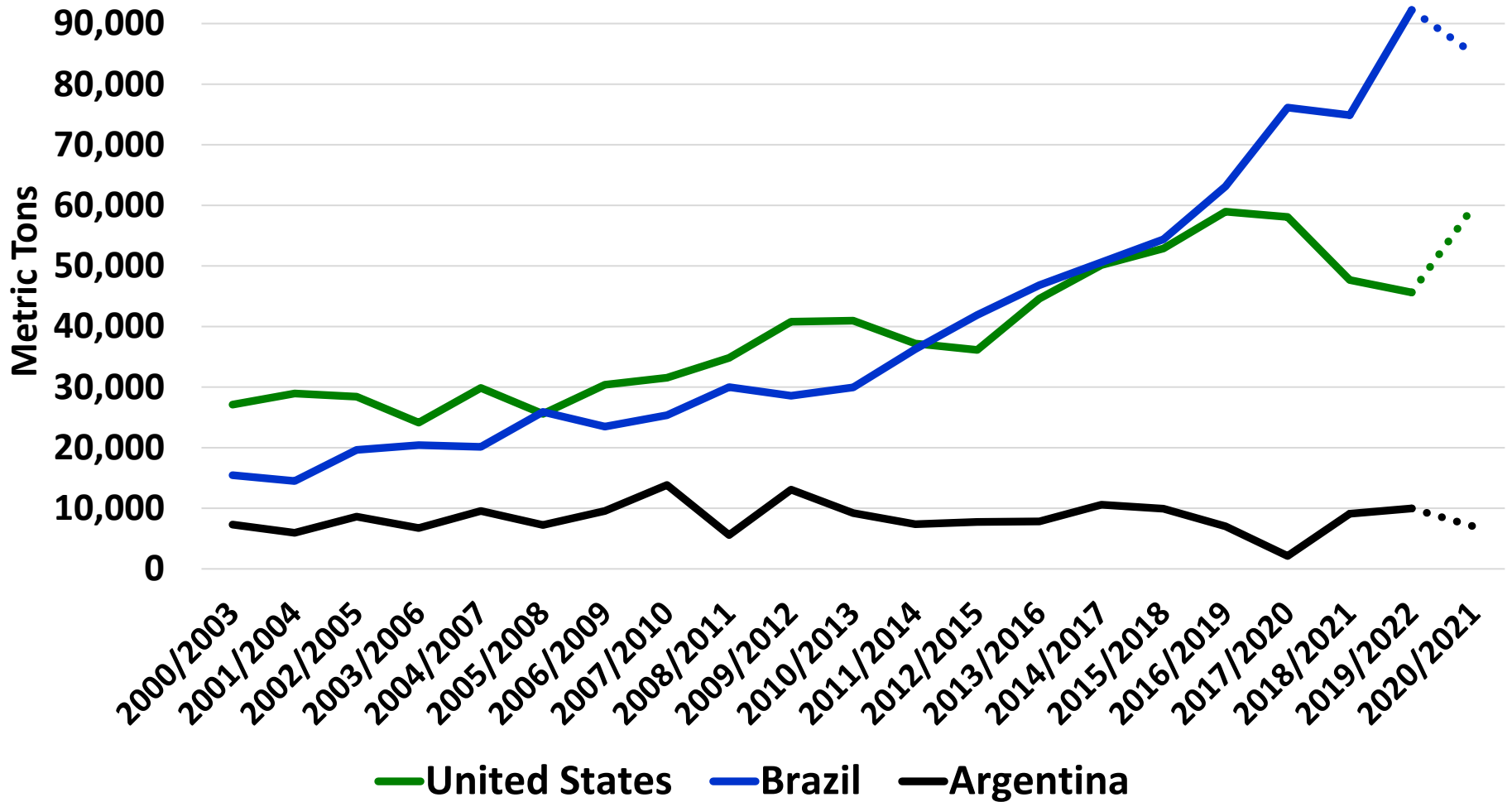


# Soybean Total Production

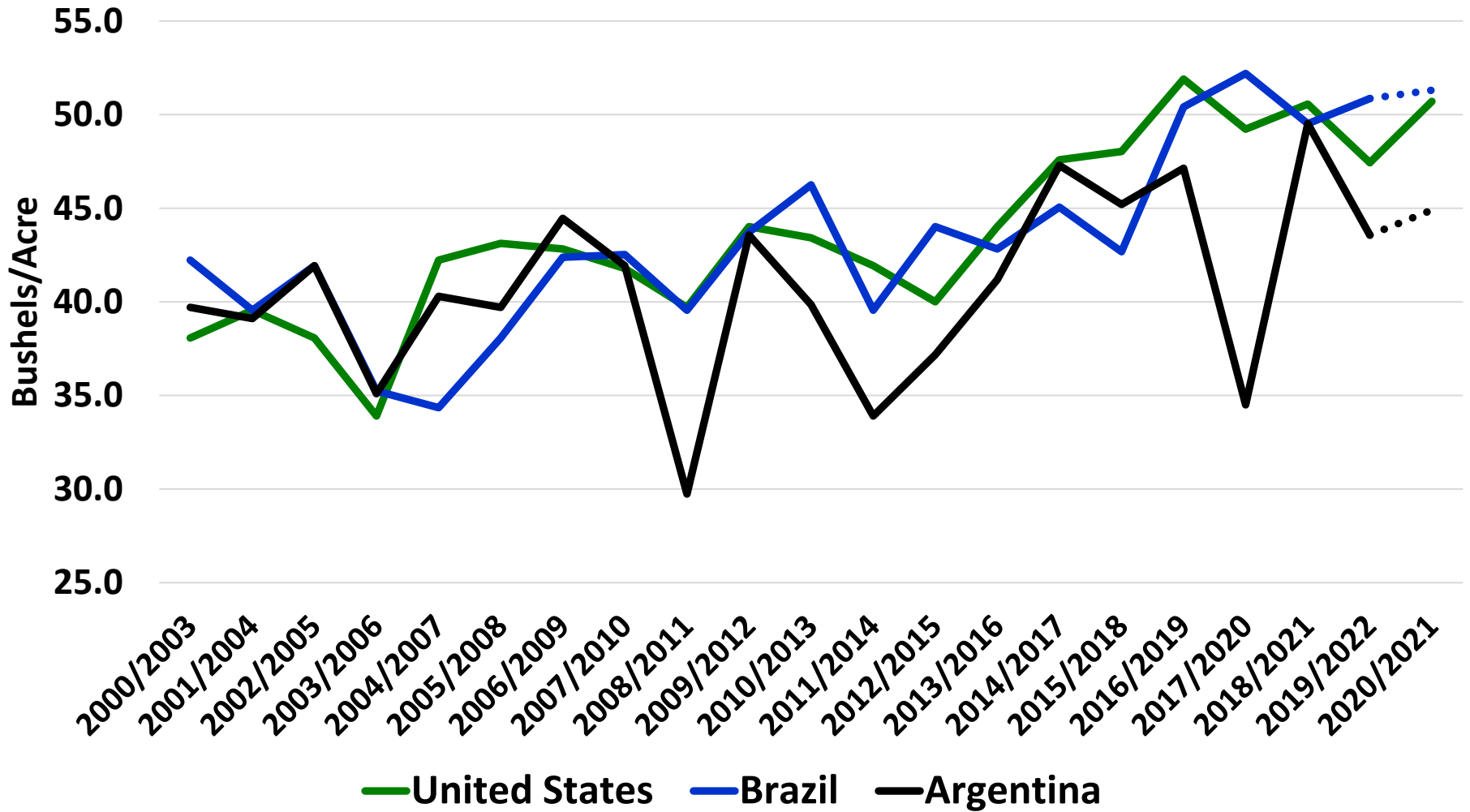




# Soybean Exports



# National Average Yield





***Questions?***



# *Thank You!*

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