

U.S. Agricultural Trade and Policy Overview

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Trade and Policy Overview

- Why Trade Matters
- U.S. Agricultural Trade Snapshot
- U.S. Trade Policy Highlights
- Trade Challenges and Opportunities



Trade is driven by comparative advantage

- Trade fosters economic growth
- Consumers: benefit from lower prices and increased variety
- Producers: benefit from exports and lower input costs but face competition from imports
- Workers: job creation and job losses
- Tradeoffs merit discussion



U.S. Agricultural Trade

2025 Forecast

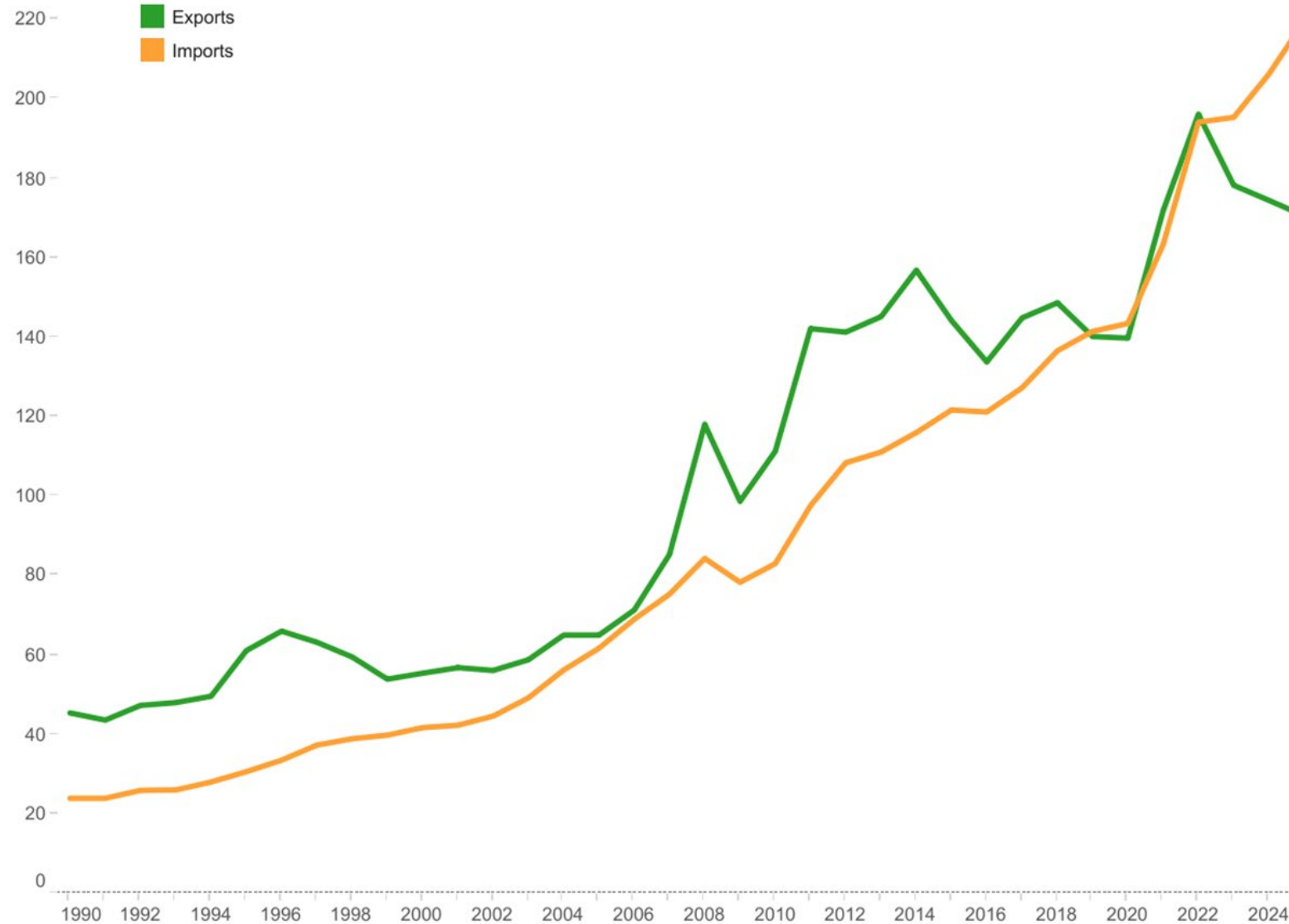
\$47 billion Deficit

-Exports \$173 billion

-Imports \$220 billion

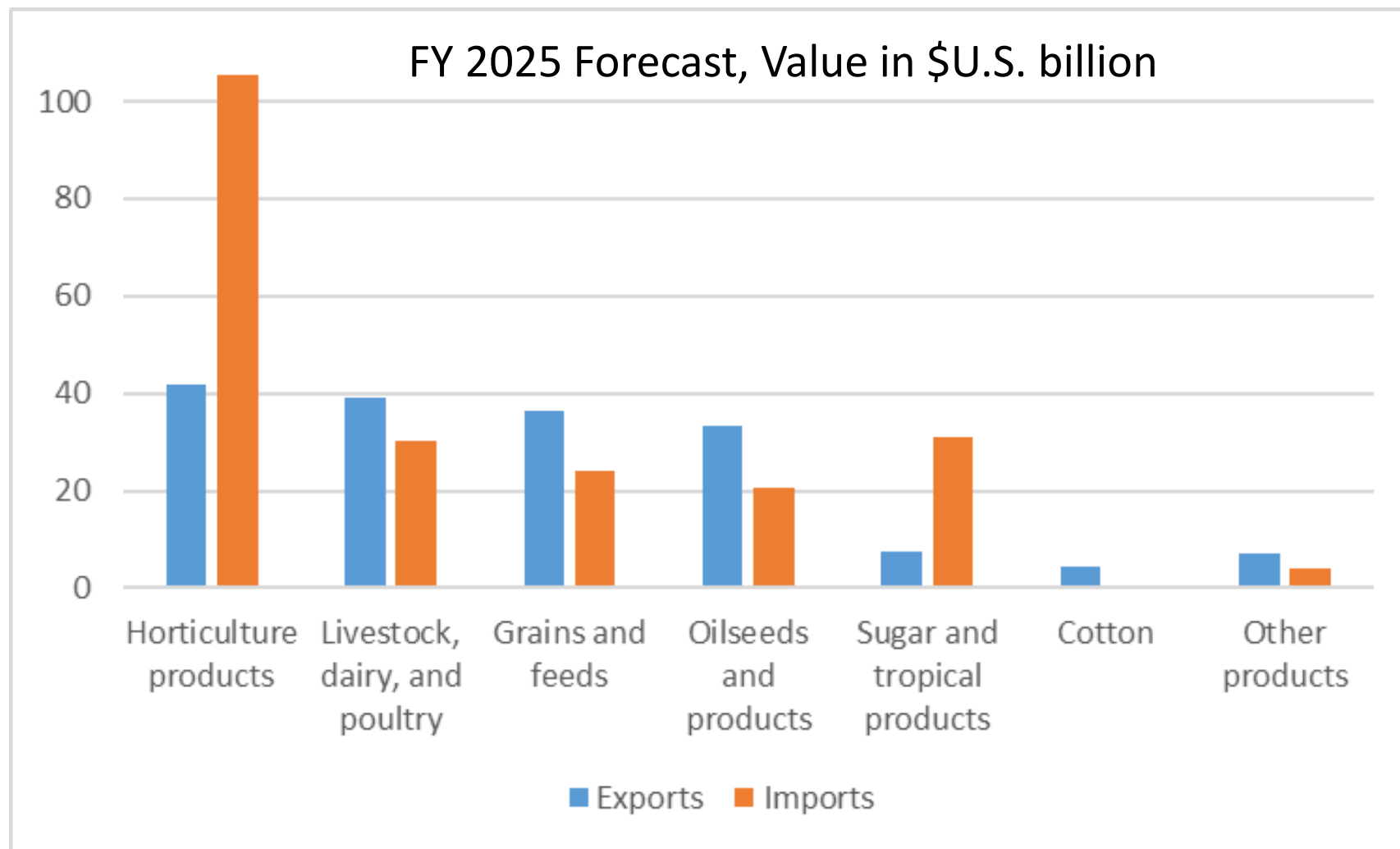
U.S. agricultural trade

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.

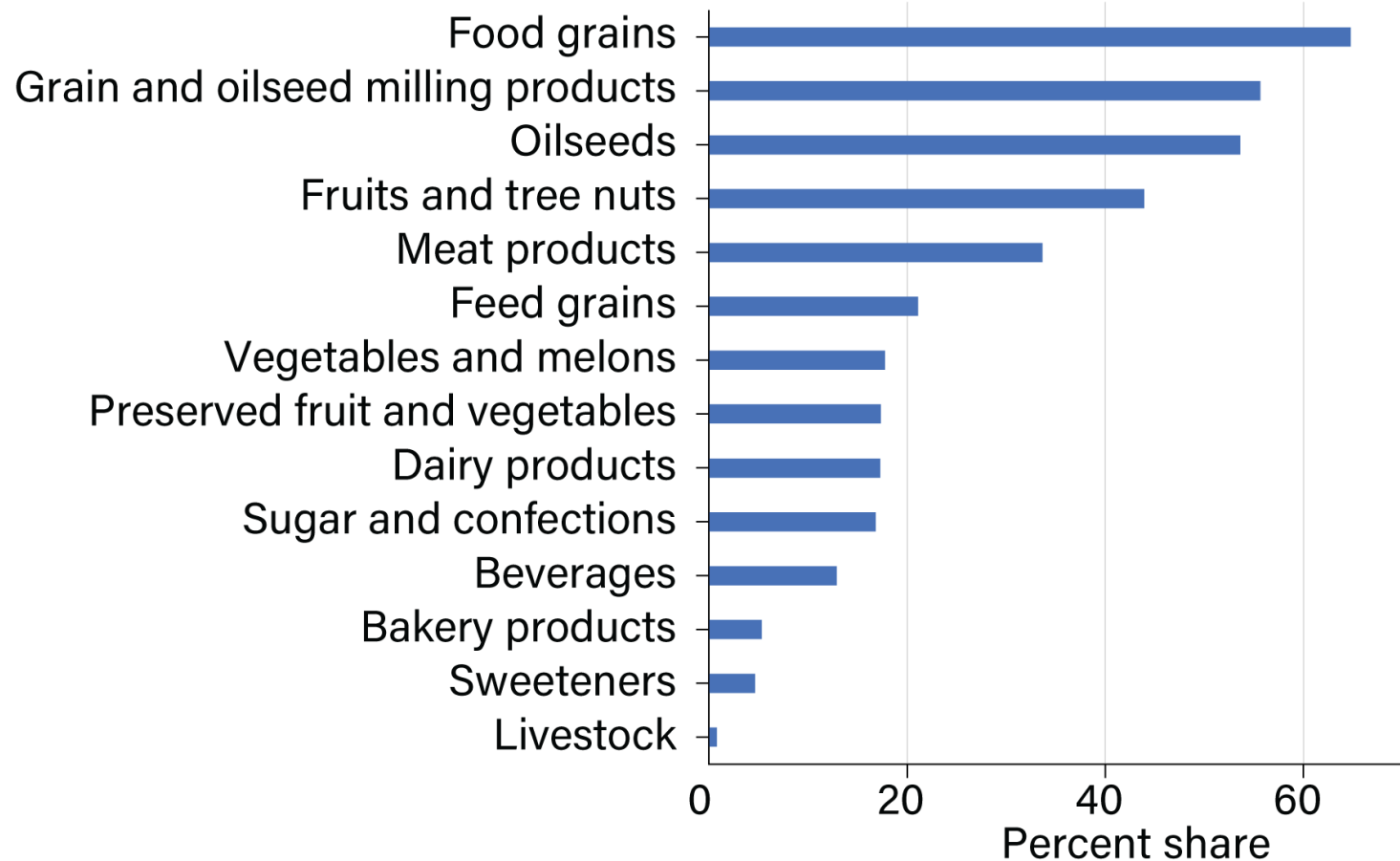
U.S. Agricultural Trade by Sector



Source: USDA, Economic Research Service calculations and projections based on data from U.S. Department of Commerce, Bureau of the Census.

U.S. Export Shares of Production

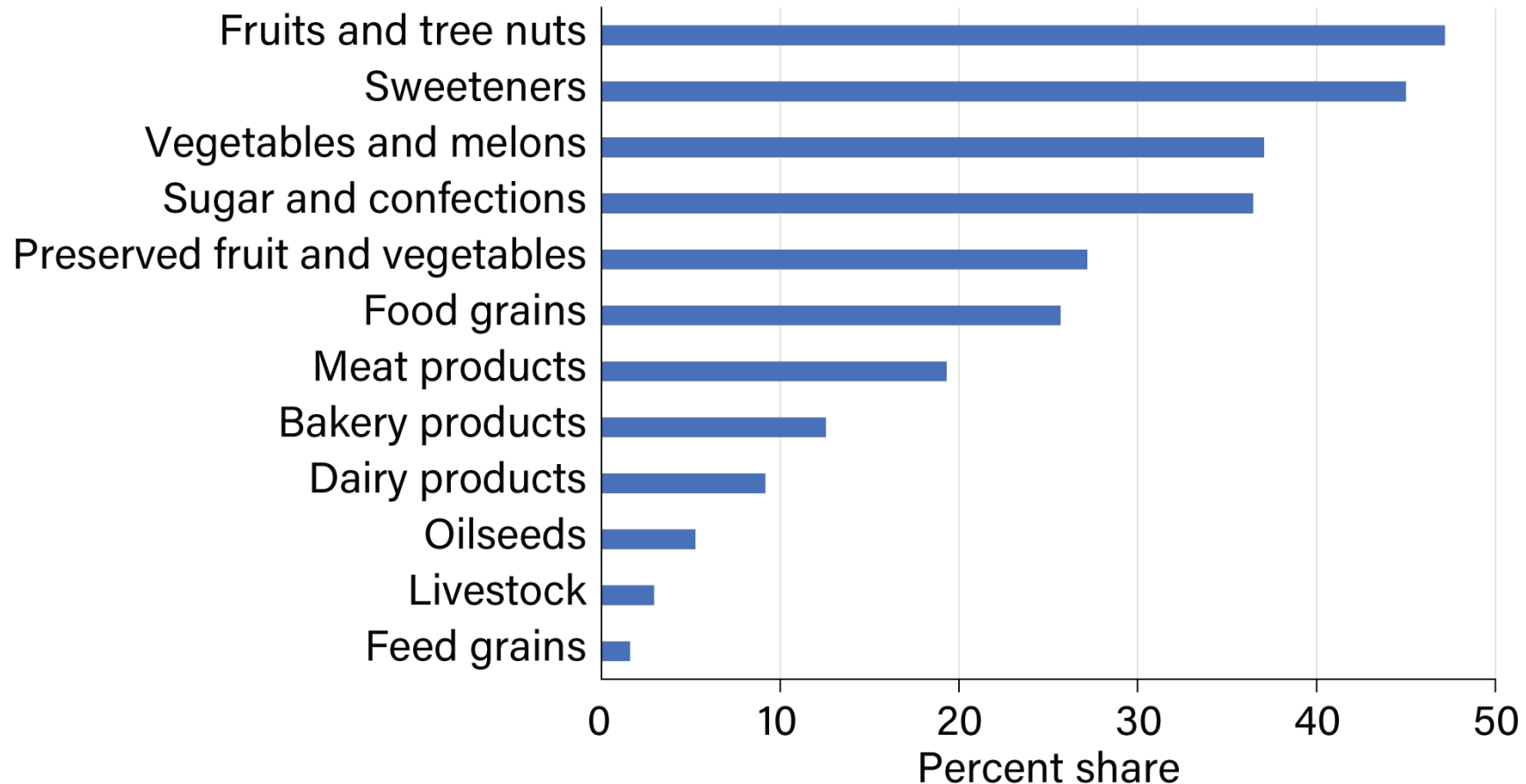
Export value share of production, 2013-22



Source: USDA, Economic Research Service calculations and projections based on data from U.S. Department of Commerce, Bureau of the Census.

U.S. Import Shares of Consumption

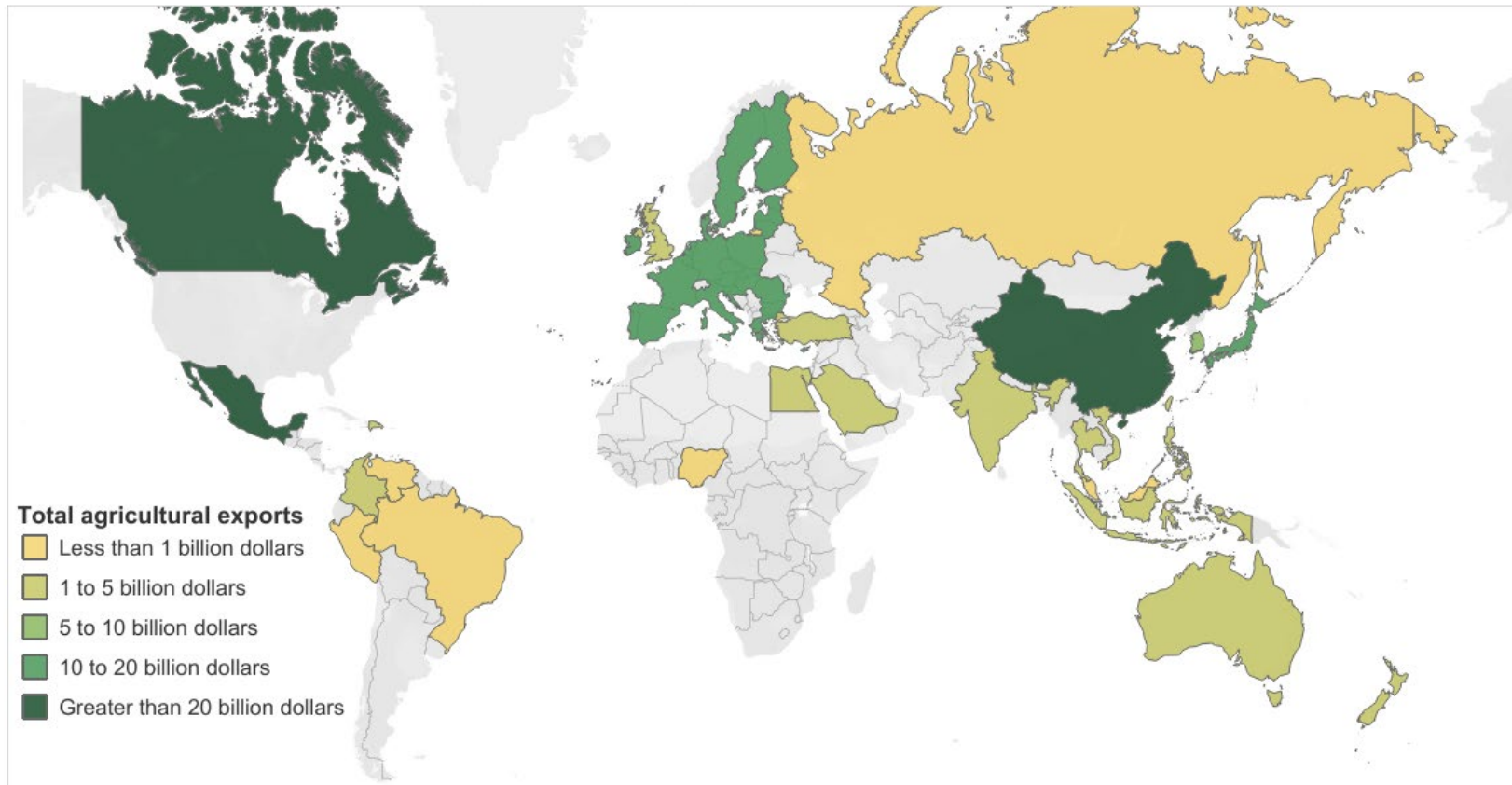
Import value share of consumption, 2013-22



Source: USDA, Economic Research Service calculations and projections based on data from U.S. Department of Commerce, Bureau of the Census.

U.S. Agricultural Export Partners

Total U.S. agricultural exports (billion dollars)



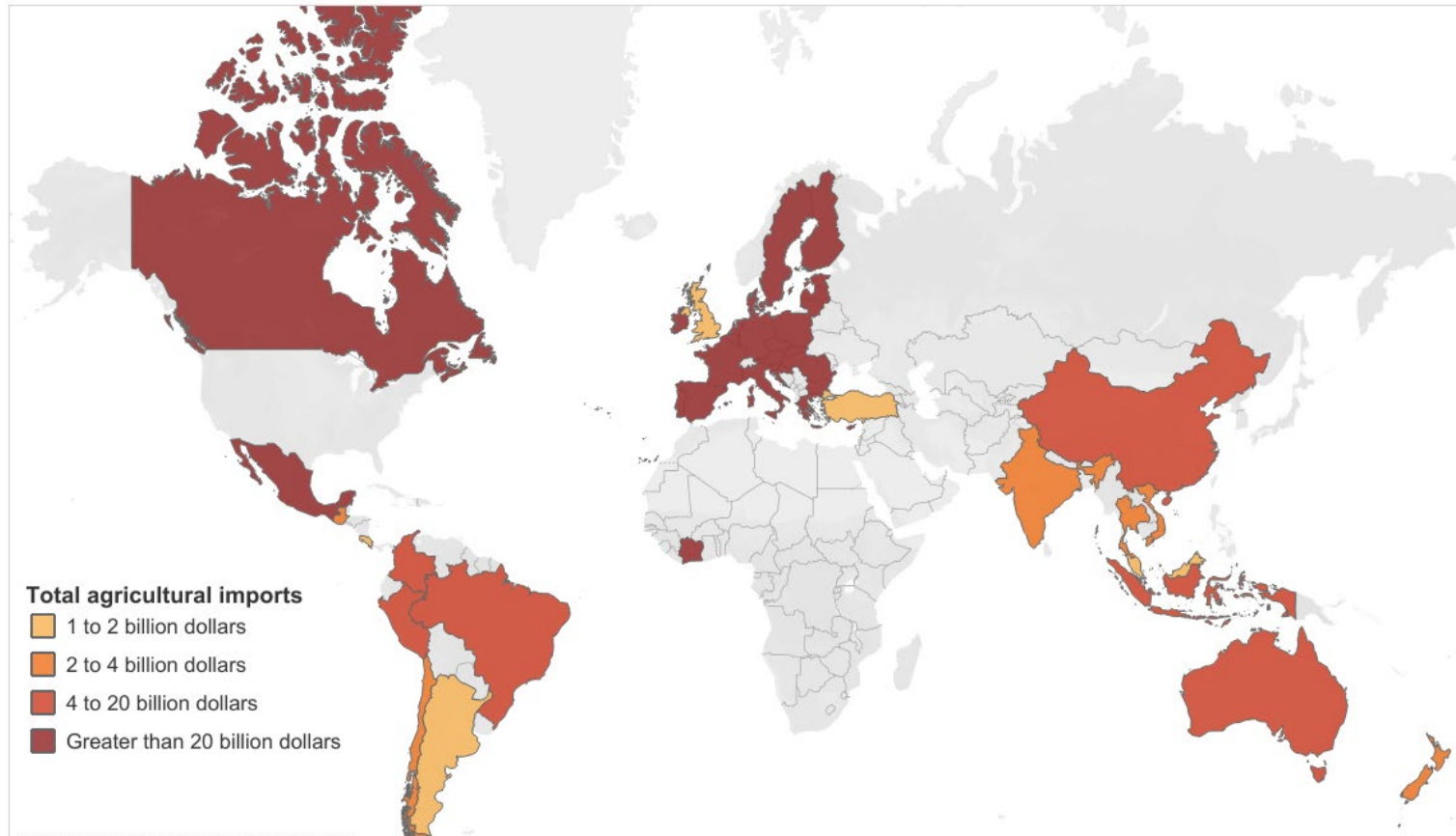
Top 3 Partners

Mexico 17.2%
Canada 16.1%
China 14%

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.

U.S. Agricultural Import Partners

Total U.S. agricultural imports (billion dollars)



Top 3 Partners

Mexico	22.8%
Canada	19.2%
EU	17.1 %

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.

U.S. Trade Policy Landscape

- 14 “free” trade agreements with 20 countries (1985-2009)
- 2017 TPP withdrawal and move to bilateral negotiations
- Strong competition with importers and exporters
 - Net agricultural importer in 2019 after 60 years of net exports
- Lack of progress towards improved U.S. market access abroad
- Concerns regarding unfair trade practices
- Frustrations with World Trade Organization
 - Fostered trade growth and integration and faces challenges
 - Expanded membership makes consensus difficult
 - Dispute Settlement breakdown
 - Countries pursuing trade agreements outside WTO
- New era of trade policy



America First Trade Policy

- Production Economy Focus with 3 goals:
 1. Increase manufacturing share of GDP
 2. Increase real median household income
 3. Decrease goods trade deficit
- Approach: Trade Defense with import tariffs
- Reciprocal tariffs determined based on trade deficits
- Trade deal scramble: UK, EU, Japan, Indonesia, Vietnam, Philippines, S. Korea, and many others in progress
- Potential to benefit import-competitive industries at the detriment of consumers and exporters



U.S. Import Tariffs

U.S. Effects

- Increased import prices, import less
- Increased domestic prices, consumers lose
- Producer effects mixed
- Government collects tariff revenue

Effects Abroad

- Exports to U.S. become less competitive
- Partners find alternate markets
- Retaliation



Retaliation: Tariffs on U.S. Exports

Effects Abroad

- Imports from U.S. become less competitive, find alternate sources
- Foreign producers mixed effects, consumers lose

U.S. Effects

- U.S. exports become less competitive, export less
- Find alternate destination markets
- Past Trade-Related Domestic Support in 2018 and 2019
 - Market Facilitation Program (MFP) ≈\$23 billion in producer payments
 - Food Purchase and Distribution Program (FPDP) ≈\$2.6 billion
 - Agricultural Trade Promotion Program (ATP) ≈\$300 million
- Future Trade Aid Uncertain- Recent discussion to redistribute tariff revenue to U.S. agricultural producers



Nontariff Measures

U.S. exports face restrictive NTMs on conventional production

- **Livestock and Meat Production**
 - Beef: ban on growth promoting hormones
 - Poultry: ban on chlorine poultry wash
 - Pork: ban on ractopamine use
- **Feed and Food Crop Production**
 - Biotechnological restrictions on corn, soybeans and rice
 - Fruits and vegetables: pesticide maximum-residue limits impede U.S. exports



NTMs also important to safeguard U.S. agriculture

- **Animal health**
 - Cattle: New World Screw Worm
 - Poultry: High Path Avian Influenza
 - Hogs: African Swine Fever
- **Plant health: invasive species and plant pathogens**



Other Trade Challenges

- Uncertainty
- Trade conflict with key partners remain
- Geopolitical conflict
- Exchange rates and strong export competition
- Production constraints: labor, inputs, drought, policy uncertainty
- Depressed commodity prices and net farm income concerning
- Trade restrictions challenge globally integrated supply chains
- Tariff barriers: protects domestic industries from import competition but decreases exports and increases prices



Cautious Optimism

- Opportunities for high value exports
- Expansion of specialty markets
- Supply chain adaptability
- Exciting innovation in agriculture
- Strategic partnerships
- Resilience



Thank you!

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