



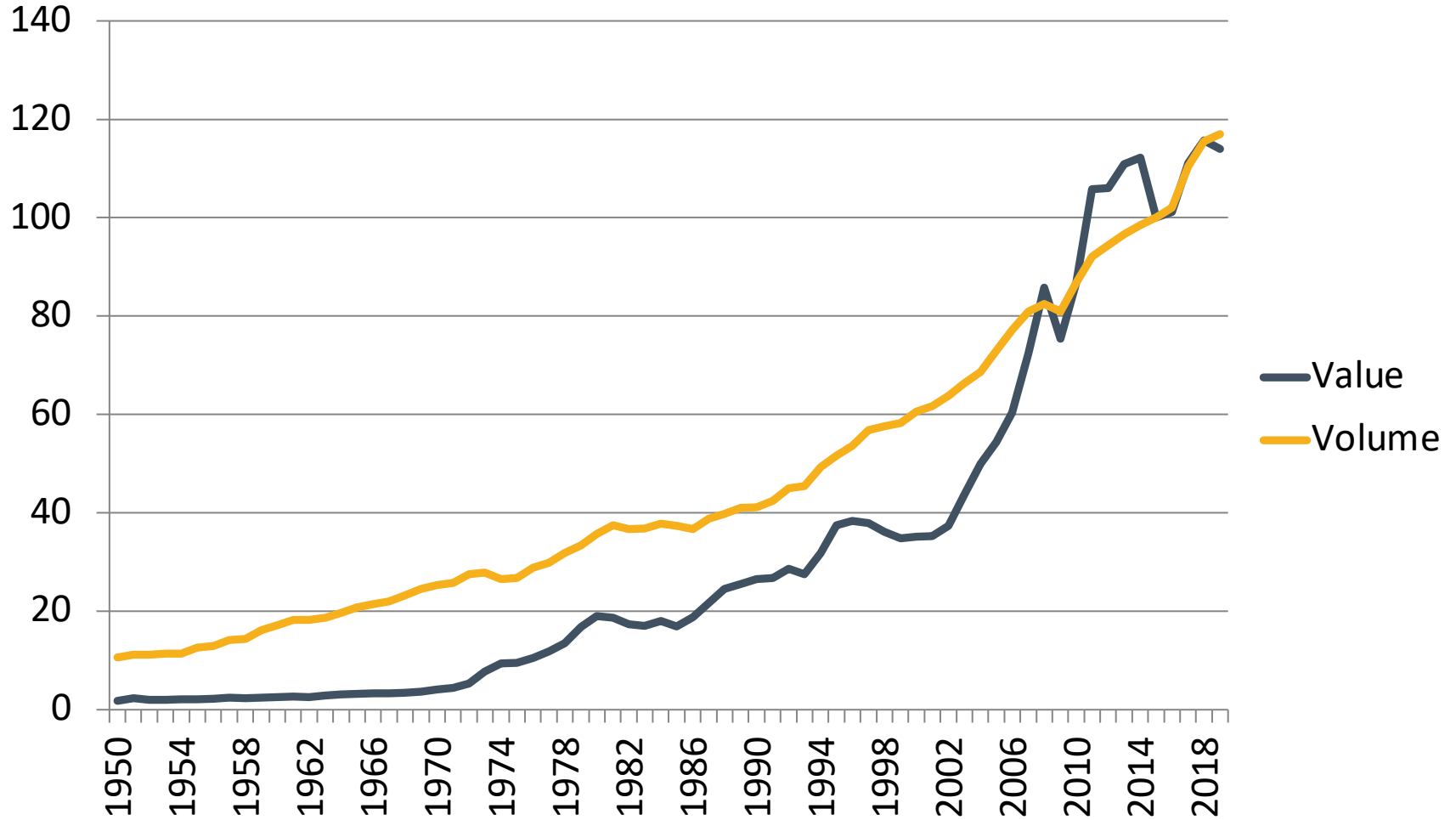
Agriculture: The State of Trade and Prospects for Reform

Joseph W. Glauber
International Food Policy Research Institute
12th Annual Queen's Institute on Trade Policy
25 November 2020



Global agricultural trade

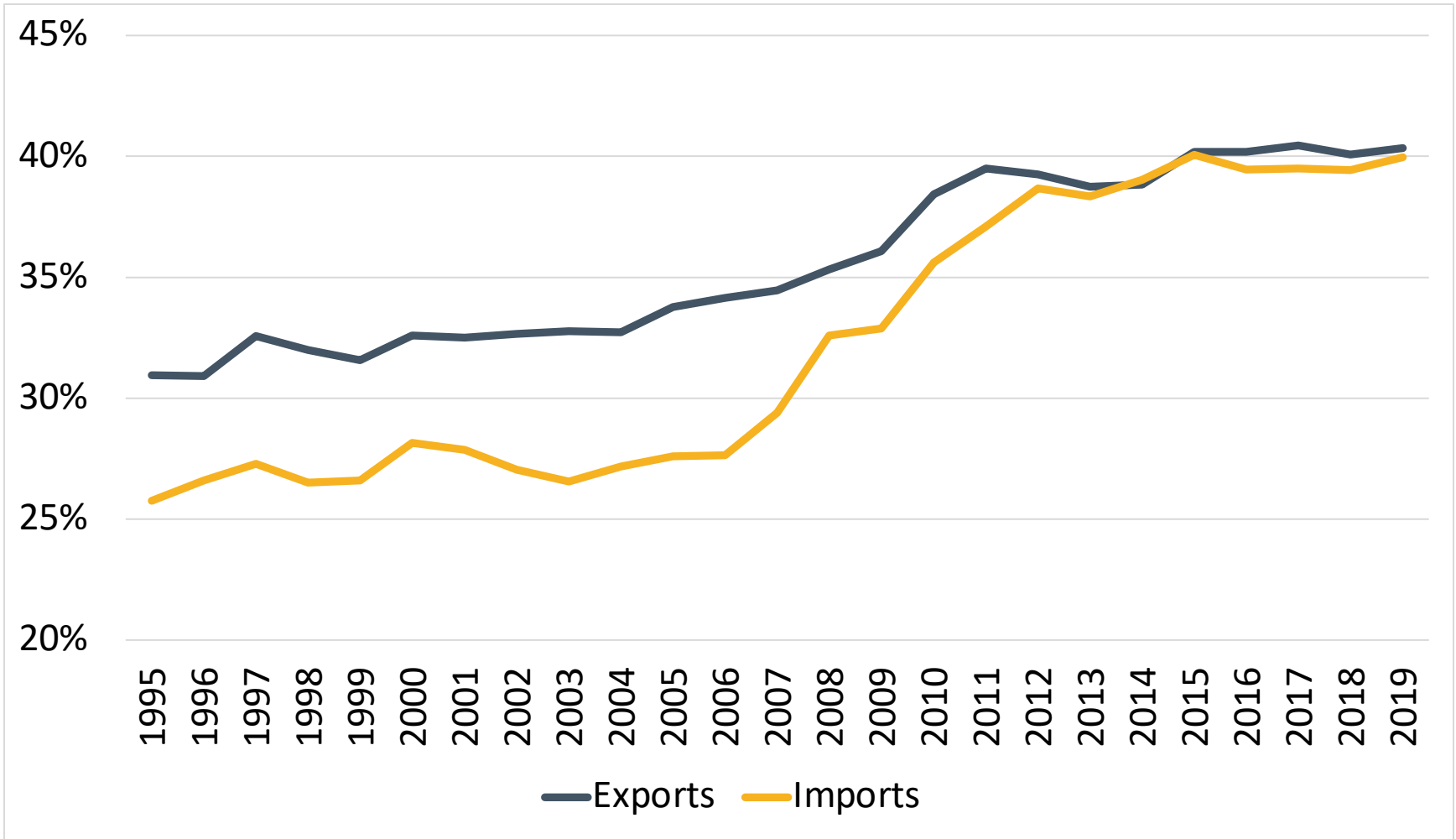
2015 = 100



Source: WTO, *World Trade Statistical Review*, 2020



Developing country share of global agricultural trade



Source: UNCTSD Stat, 2020



Major ag exports—top 5 markets

Rank	US	Canada	EU+UK	Argentina	Brazil	Australia
1	Canada	US	US	China	China	China
2	China	China	China	EU+UK	EU+UK	US
3	Mexico	Japan	Russia	Brazil	US	Japan
4	Japan	EU+UK	Japan	Vietnam	Japan	EU+UK
5	EU+UK	Mexico	Norway	India	Saudi Arabia	Indonesia

Source: COMTRADE

The Trump trade legacy



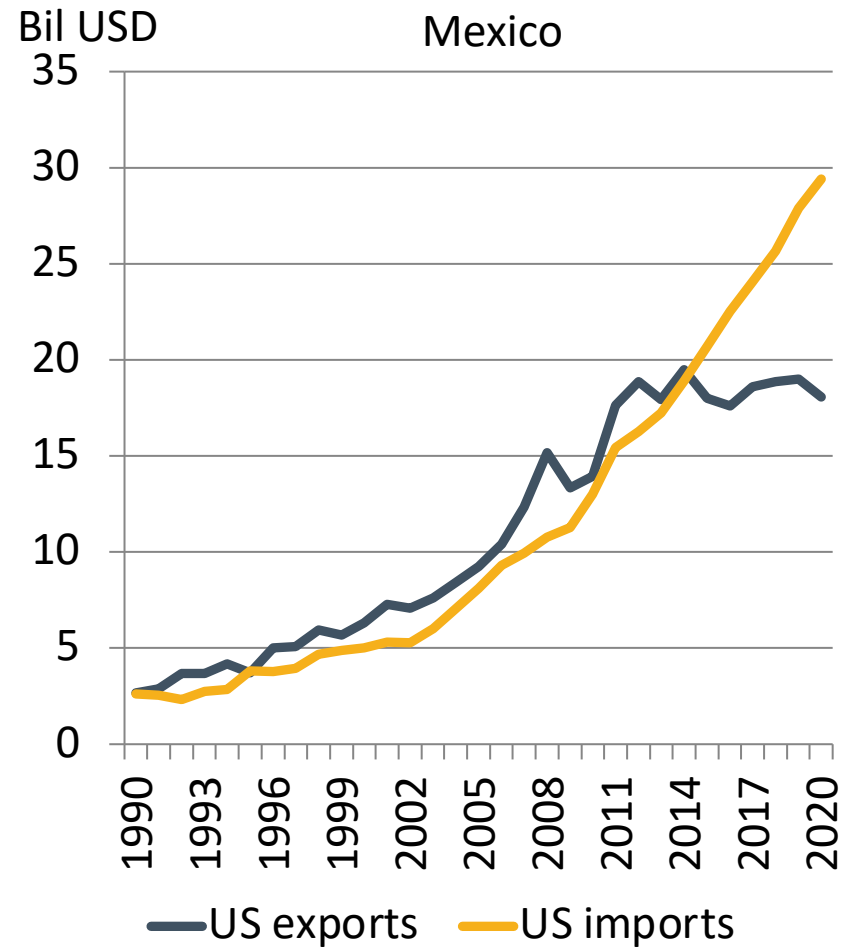
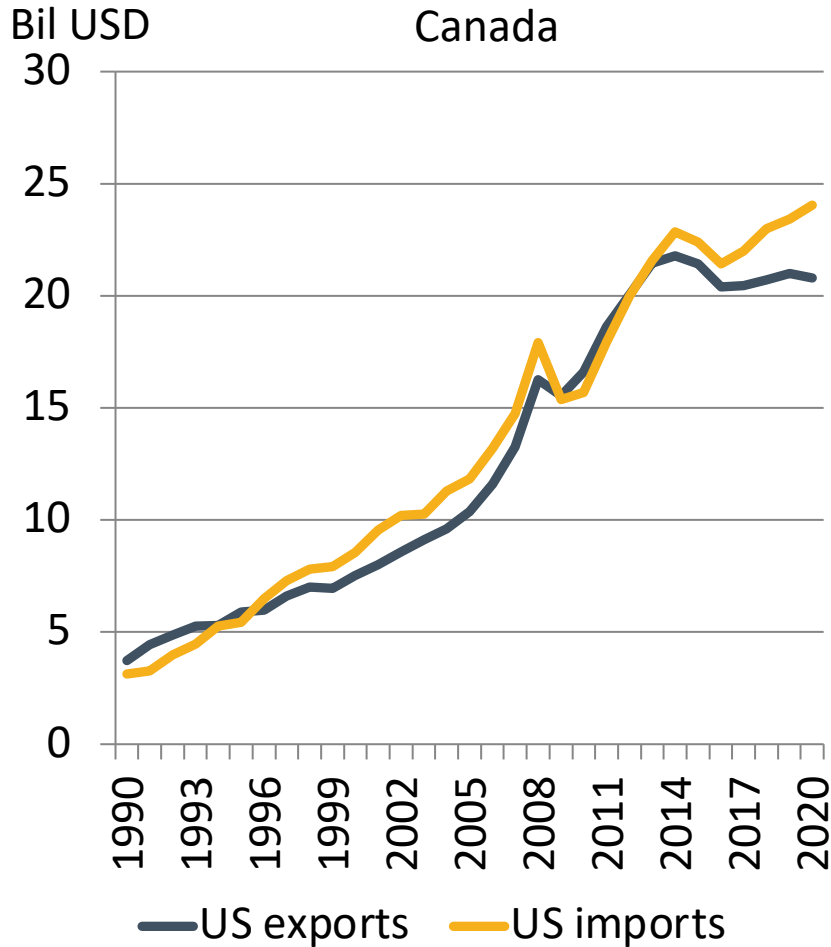
- Withdrawal from TPP
- Sec 232 tariffs (China, EU, Canada, Mexico, ...)
- Sec 301 (China)
- Renegotiated KORUS FTA; NAFTA
- Precipitates WTO Appellate Body crisis
- Japan FTA (phase 1)
- China Phase 1



NAFTA/USMCA/CUSMA/T-MEC



US agricultural trade with NAFTA partners



Source: USDA, GATS database



Overall assessment of USMCA/CUSMA: *The Emperor's New NAFTA?*

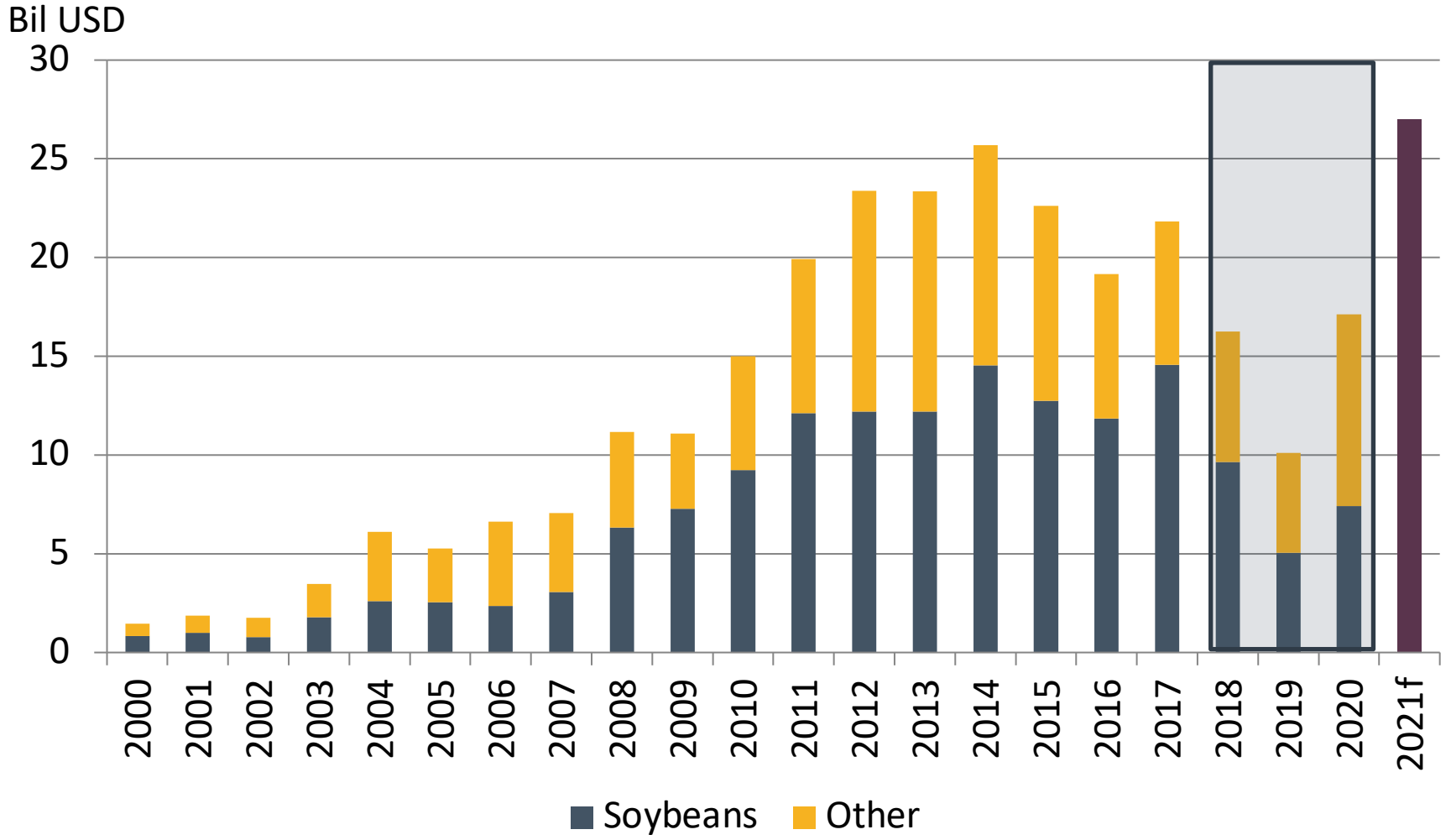
- USMCA is very similar to the old NAFTA—good news for agriculture
- Modest market access gains for dairy, poultry, eggs
 - Elimination of Class 6,7
 - Likely larger impact for Canada dairy
- Fortunately, some of the provisions advocated by US were rejected by Canada and Mexico
 - Seasonal tariffs on fruit and vegetables
 - Dispute settlement (Ch. 19)
 - Sunset after 6 years
- Modernization of NAFTA (new provisions borrowed from TPP)
- Like other consumers, ag will be adversely affected by increased costs due to domestic content provisions affecting automobiles, etc
- Sec 232 tariffs (June 2018-May 2019)
 - Increased prices for steel and aluminum
 - Counter-retaliatory tariffs for pork and dairy ~\$1.8 billion
 - Aluminum: Re-imposed 8/16/2020; lifted 9/16/2020



US-China Trade War & Phase 1



US ag exports to China





Phase 1 agreement

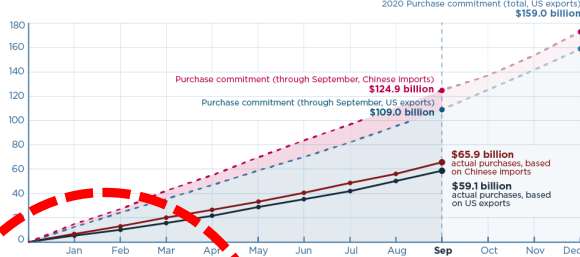
- Ch. 3 Trade in Food and Agricultural Products
 - Addresses NTBs affecting a wide range of productions (dairy and infant formula; poultry, beef, and pork products; pet food)
 - Compliance with WTO ruling on domestic support and TRQ administration (wheat, corn, rice)
 - Speed and streamline biotech approval process
- Ch. 6 Expanding Trade => ag imports
 - \$12.5 billion above 2017 baseline in 2020 [\$24b => \$36.5b]
 - \$19.5 b above 2017 baseline in 2021 [\$24b => \$43.5b]
 - purchases will be made at market prices based on commercial considerations and that “market conditions...may dictate the timing of purchases”

Progress to date

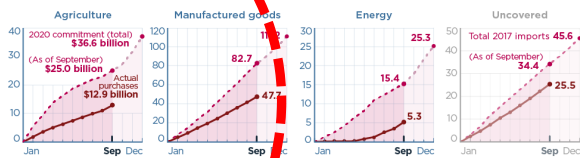
US-China phase one tracker: China's purchases of US goods

US exports and China's imports in 2020 of all goods covered by the phase one deal as of September 2020

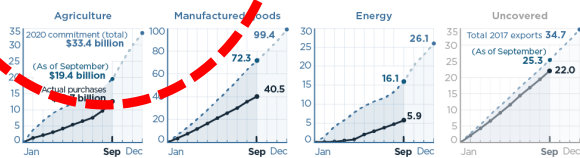
a. US exports and China's imports of all covered goods in 2020, as of September, billions USD



b. China's imports by product type, billions USD



c. US exports by product type, billions USD



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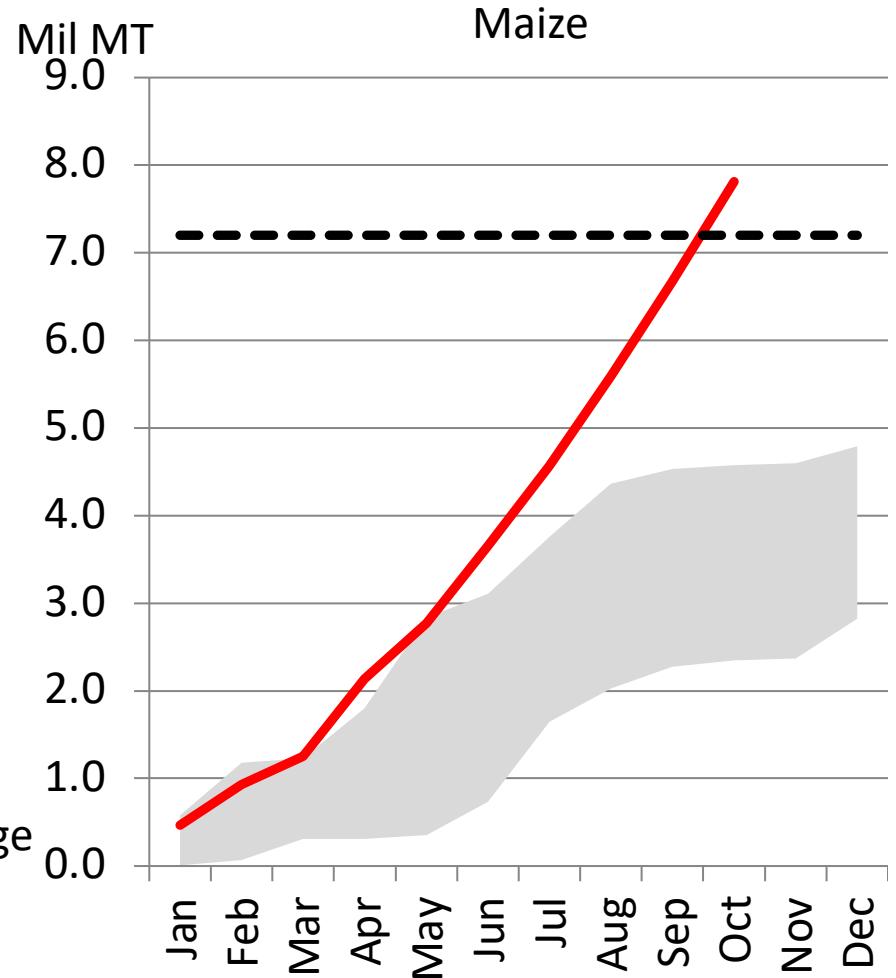
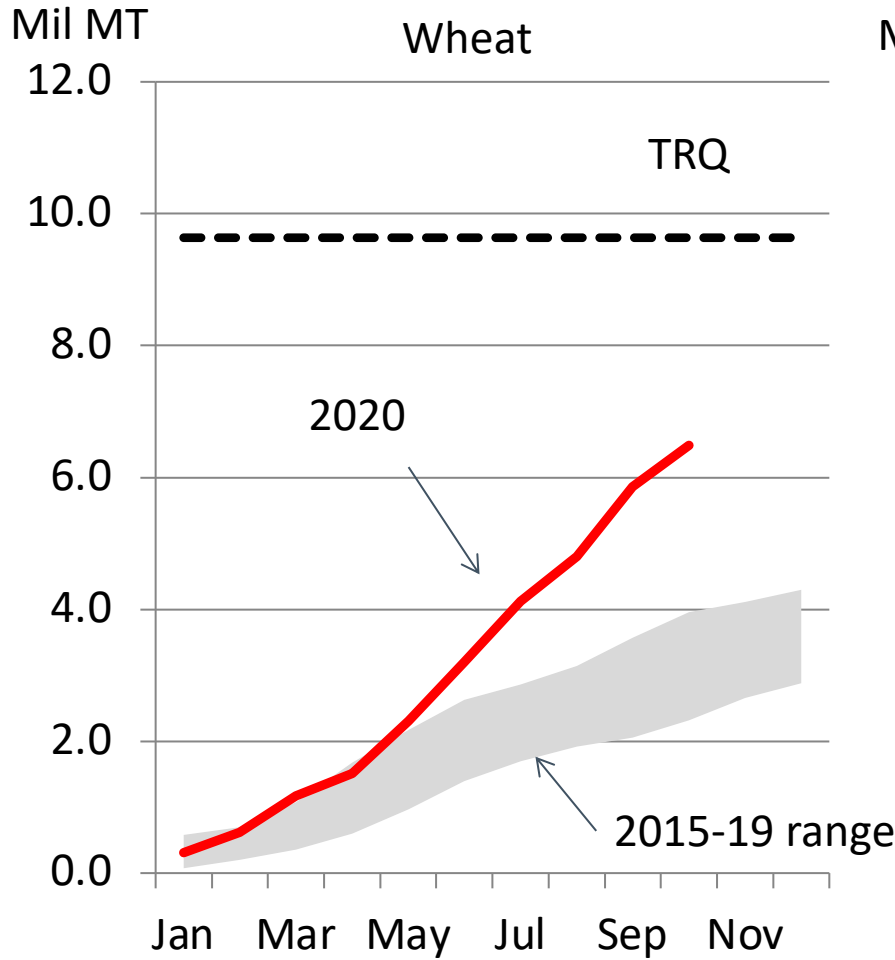
Note: Numbers may not sum to total due to rounding. "Uncovered" products refer to China's imports from the United States not addressed by Annex 6.1. Prorating the 2020 year-end target to a monthly basis is for illustrative purposes only. Nothing in the text of the agreement indicates China must meet anything other than the year-end target. Monthly purchase commitments are seasonally adjusted based on 2017 data.

Sources: Constructed by the author with US export data from US Bureau of the Census, Chinese import data from International Trade Centre (ITC) (Trademap) for 2017 and from Chinese customs for 2020, and product categories set out in Annex 6.1 of Economic and Trade Agreement between the United States of America and the People's Republic of China.

- 2020 imports fall far short of Phase 1 targets to date
- But significant imports of maize and wheat
- Export sales suggest strong exports to China in 2021—though unlikely to hit year 1 or year 2 targets
- Impacts on competitors unclear



Cumulative China wheat and maize imports relative to TRQ levels--2020

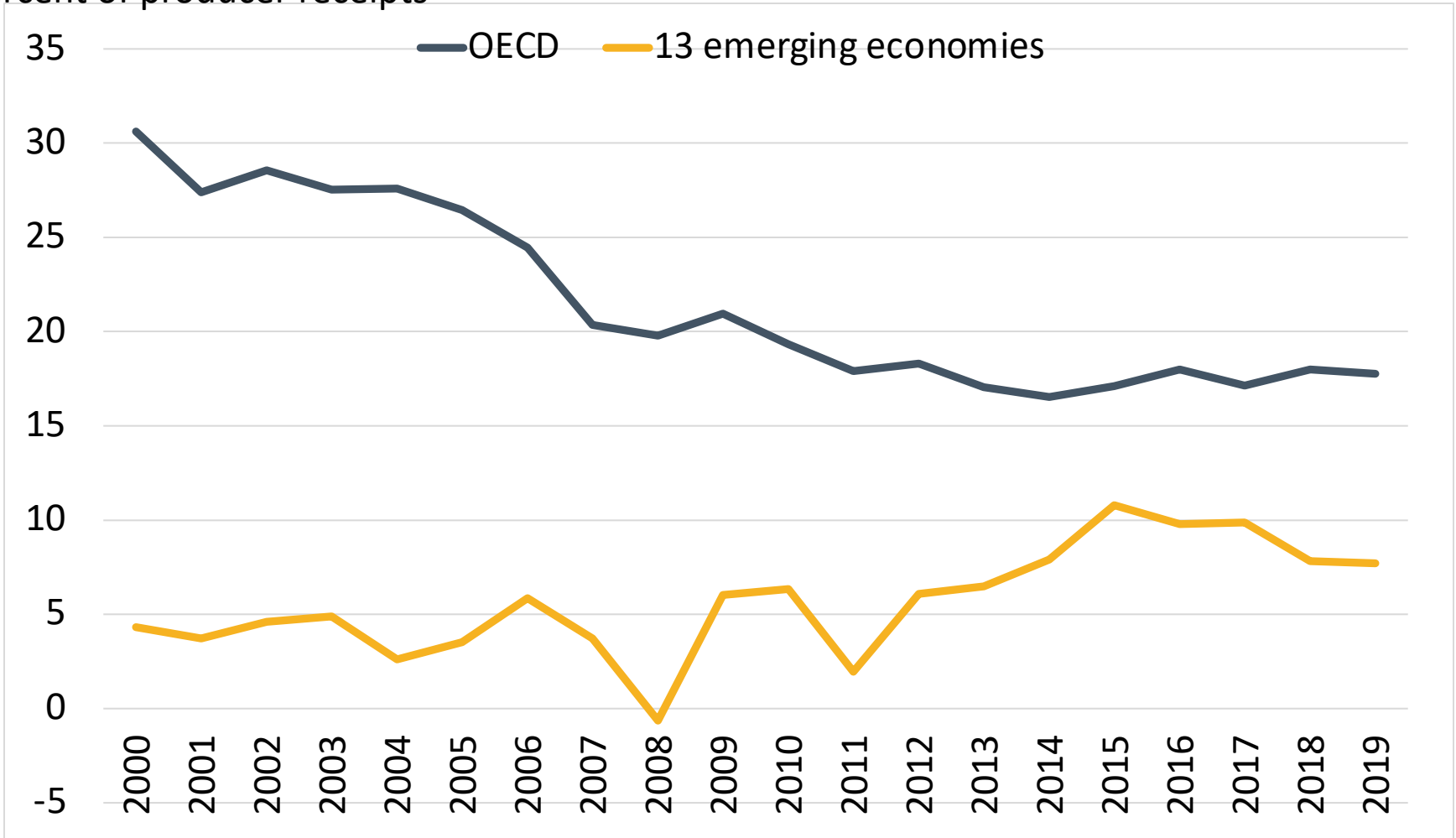




WTO

Producer support

Percent of producer receipts



Source: OECD PSE database, 2020



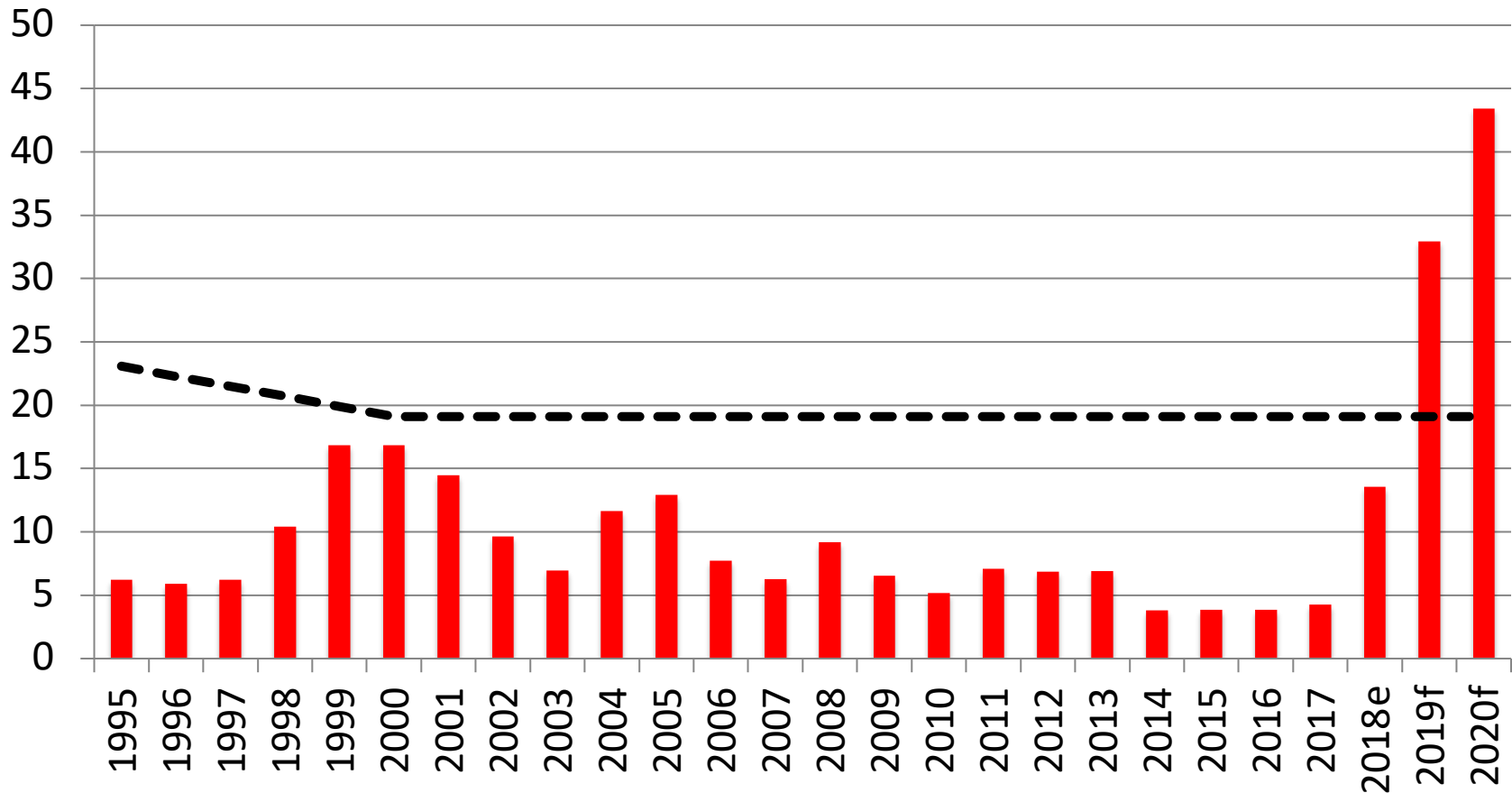
US producer support 2018-2020

- Market Facilitation Program -- \$28 bil US (2018 and 2019)
- Coronavirus Food Assistance Program-- \$23 bil (2019 and 2020)
- Paycheck Protection Program -- \$5.8 bil (2020)
- Price and income support – \$6-7 bil annually
- Crop insurance subsidies --\$5-6 bil annually



US Aggregate Measurement of Support

Bil USD

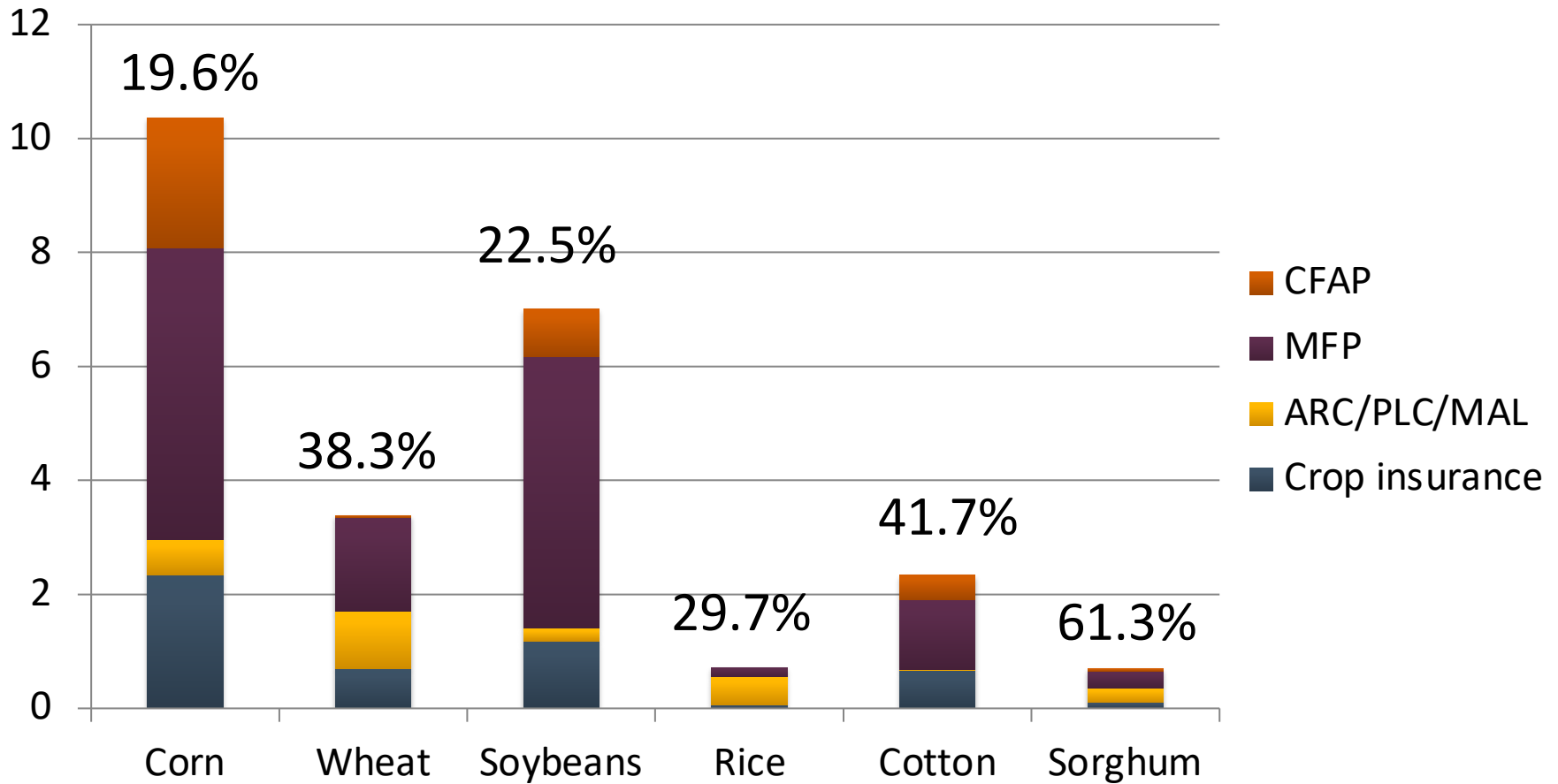


Source: Glauber 2020



Trade-distorting US subsidies relative to value of production—2019 crops

Bil USD



Source: Glauber 2020

Looking forward—2021-23



- Move away from unilateralism
- Multilateral approach in dealing with China
- US & CPTPP?
- WTO reforms (DSM/AB)
- WTO ag reforms
 - Domestic support
 - Market access
 - Export restrictions
 - SSM/Public stockholding
- Climate



Thanks!

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