Impacts of Trade Wars and Retaliation: Reshaping US Ag Trade

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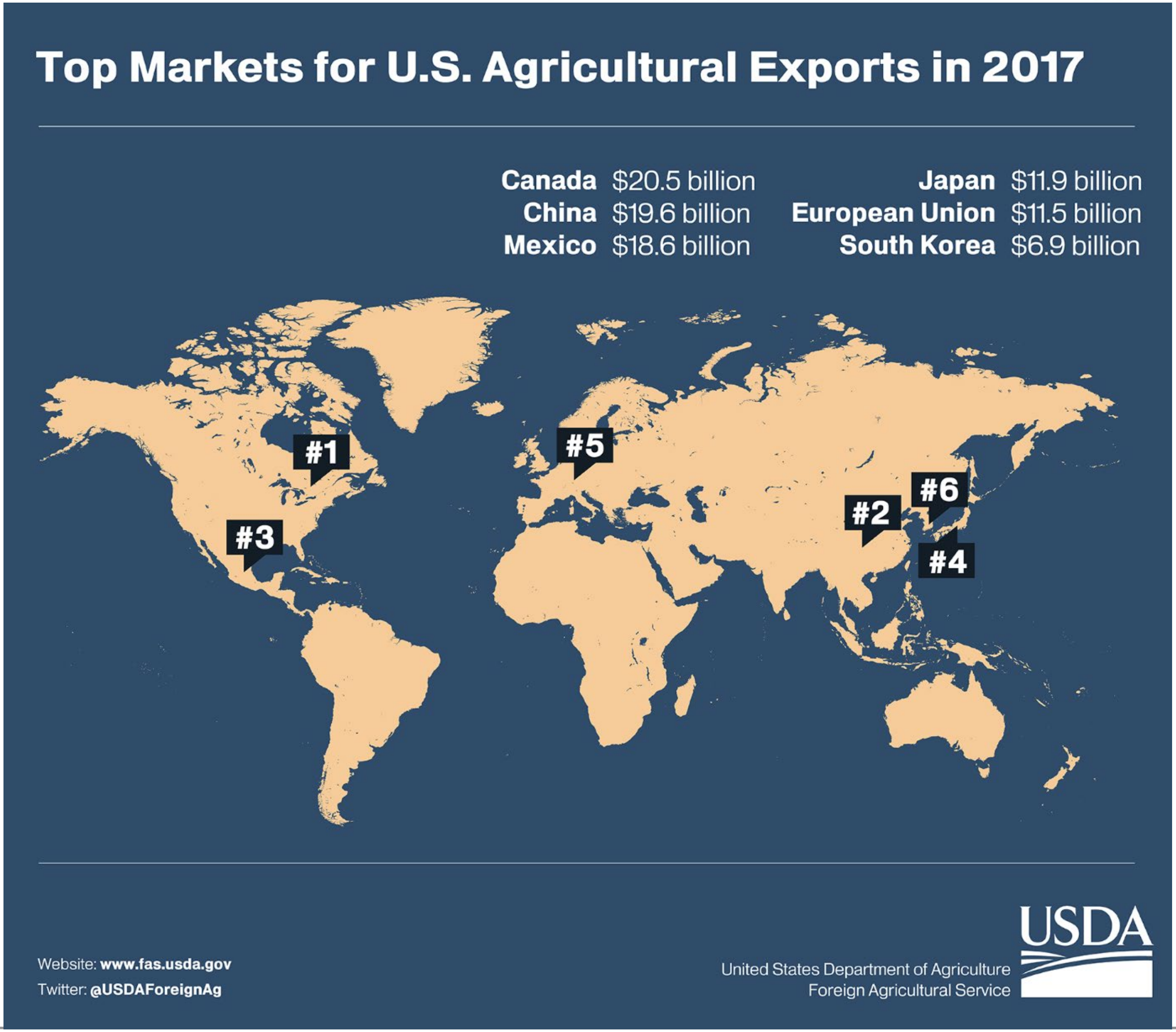
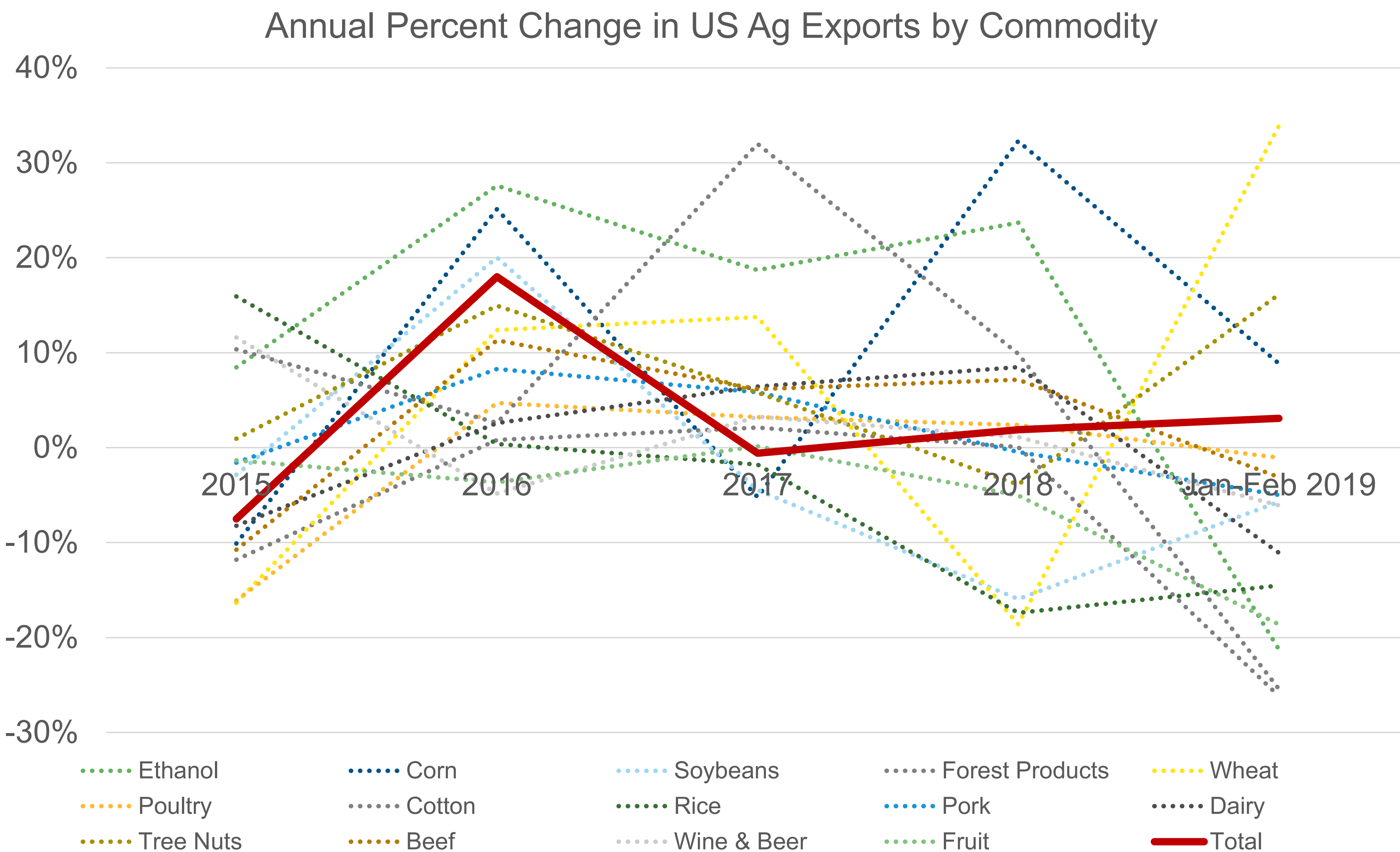
The US is engaged in 5 major trade disputes. These trading partners are also our 5 largest ag export markets



Total US ag exports have been fairing pretty well, but certain commodities have been hit hard by tariffs



Source: USDA

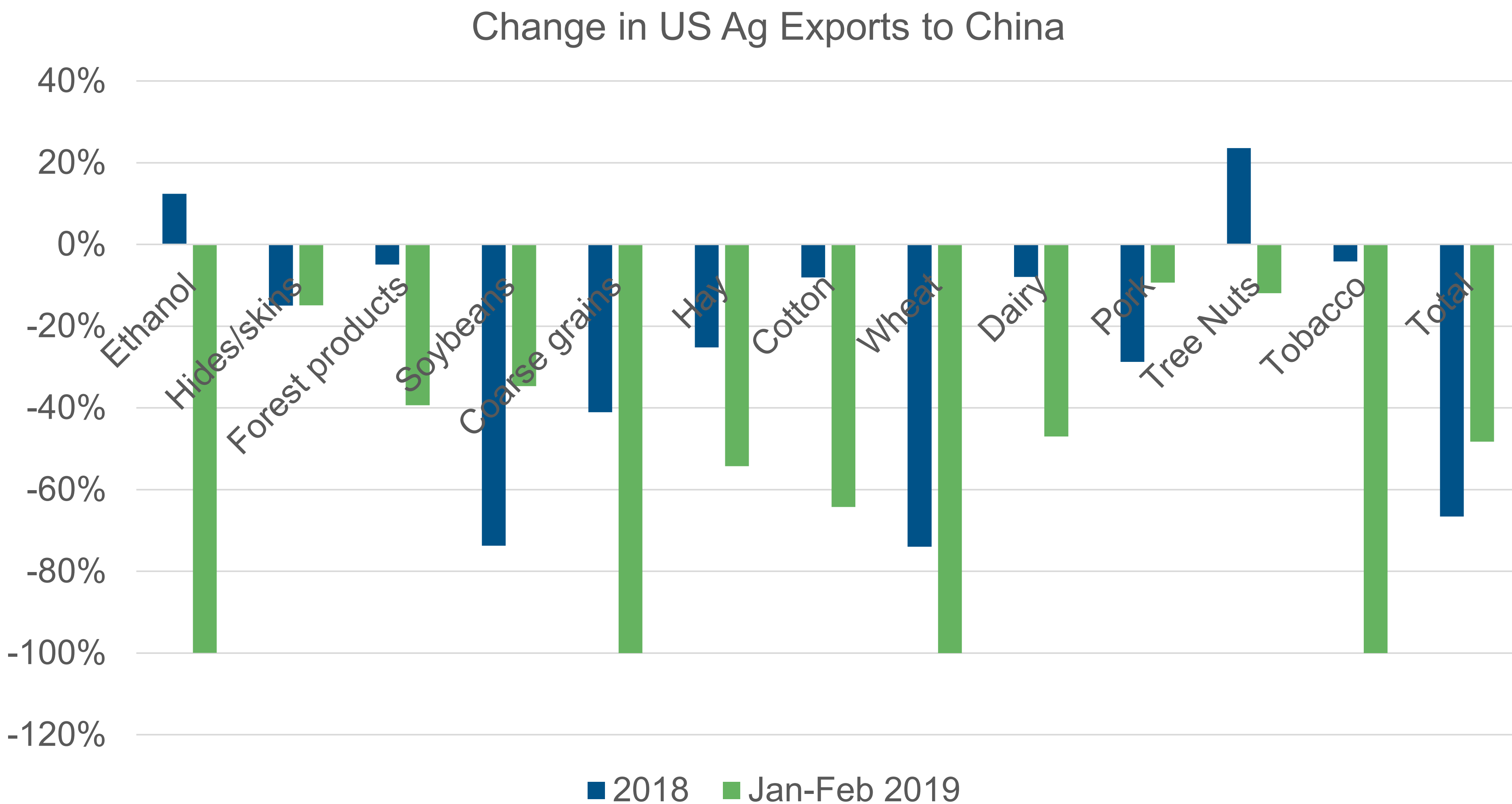
Canada is the largest market for US ag exports. Tariff impacts have been marginal to date

25% tariff on pizza, yogurt, chocolate, OJ

- OJ exports to Canada are down 14%
- Other tariffs are targeted to impact dairy sector
- More tariffs on the way?
  - Canada considering adding tariffs to US apples, pork, ethanol, wine, others

China is the 2nd largest market for US ag exports and the tariff impact has been severe

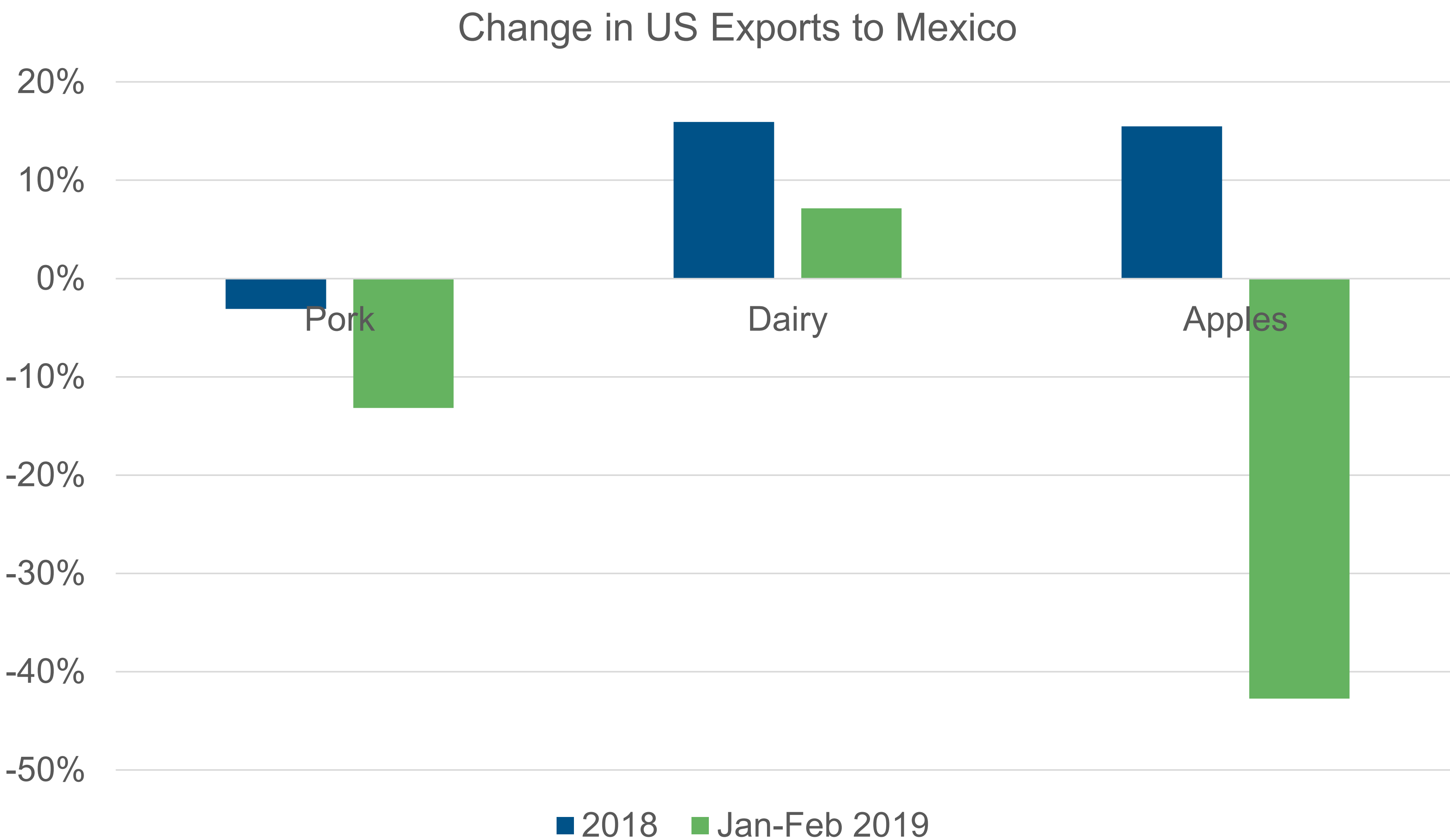
China has imposed tariffs on 90% of US ag exports; USDA expects China to fall from 2nd largest market in 2018 to 5th in 2019



Source: USDA

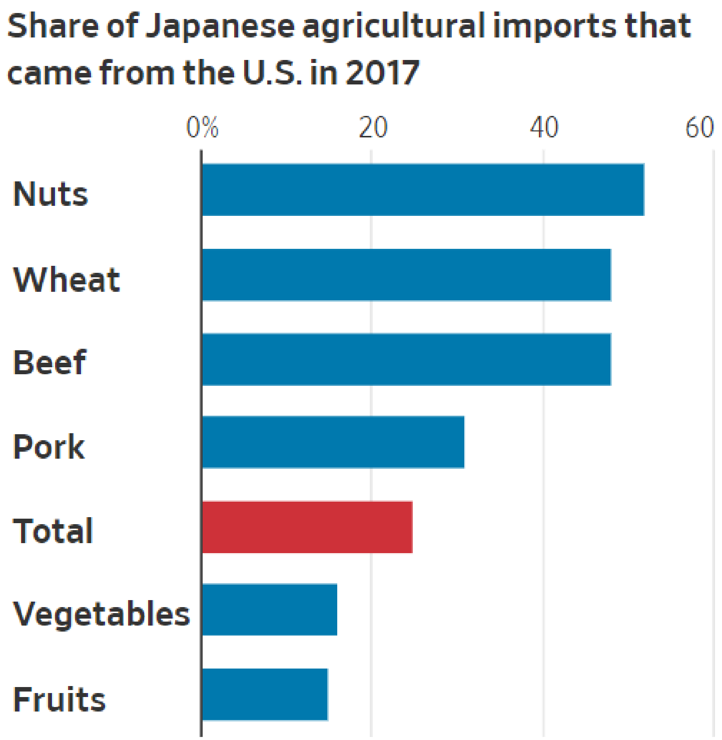
Mexico is the 3rd largest market for US agriculture. Tariff impacts to date are mixed

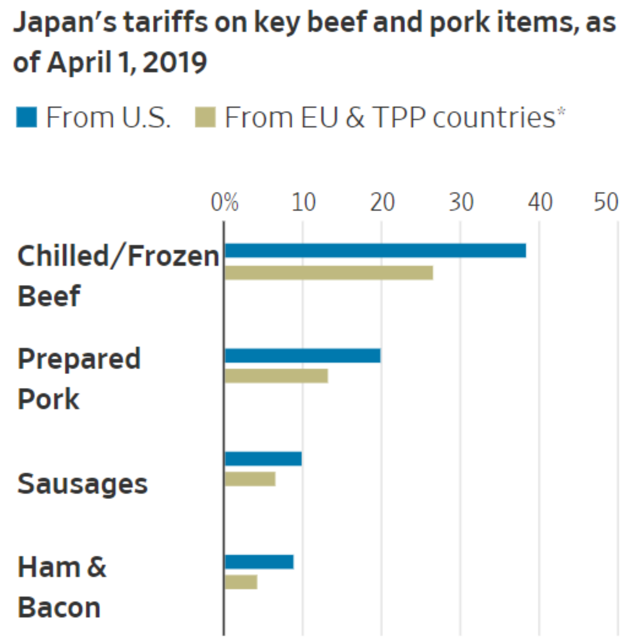
20% tariff on pork, apples, cheese



Source: USDA

Japan is the 4th largest market for US ag exports, and CPTPP is already hurting market share





Top U.S. Agricultural Exports to Japan

Product	Values in Billions USD 2013	2014	2015	2016	2017	U.S. Market Share 2017
Total Agricultural Exports	12.2	13.1	11.1	11.0	11.9	25%
Corn	1.8	2.7	2.0	2.1	2.2	70%
Beef & Beef Products	1.4	1.6	1.3	1.5	1.9	48%
Pork & Pork Products	1.9	1.9	1.6	1.6	1.6	31%
Soybeans	1.0	1.0	1.0	1.0	0.9	63%
Wheat	1.0	0.9	0.7	0.6	0.7	48%
Processed Vegetables	0.4	0.4	0.4	0.4	0.5	16%
Hay	0.5	0.4	0.4	0.3	0.4	58%
Tree Nuts	0.3	0.4	0.4	0.3	0.3	52%
Fresh Fruit	0.3	0.3	0.2	0.3	0.3	15%

Source: WSJ, USDA

The EU is the 5th largest market for US ag exports. Tariff impacts to date have been marginal

20% tariff on rice, cranberries, peanut butter, kidney beans

- TTIP out: EU now states they will not open US-EU talks to ag
- EU has formed FTAs with Mexico, Japan, Canada and will compete with US for market share

Other key issues that will affect US ag exports for years to come

- Key issues:
  - New supply chains being built; regaining those markets will not be easy
  - Increasing production in South America, Black Sea – competition is increasing
  - Strength of US dollar
  - Trade disputes are compounding poor fundamentals in US ag
  - African swine fever

Questions?

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