



FARM FOUNDATION® FORUM

AG TRADE AND COMMODITY OUTLOOK FOR 2023

NOVEMBER 1, 2022



Today's webinar is made possible by a grant from
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SHARI ROGGE-FIDLER

President & CEO
Farm Foundation

MEET FARM FOUNDATION

A 501(C)(3) NON-PROFIT AT THE INTERSECTION OF AGRICULTURE AND SOCIETY



Farm Foundation is an
ACCELERATOR
of practical solutions for agriculture.

We accelerate
PEOPLE AND IDEAS
into
ACTION.



OUR MISSION AND VISION GUIDE OUR WORK

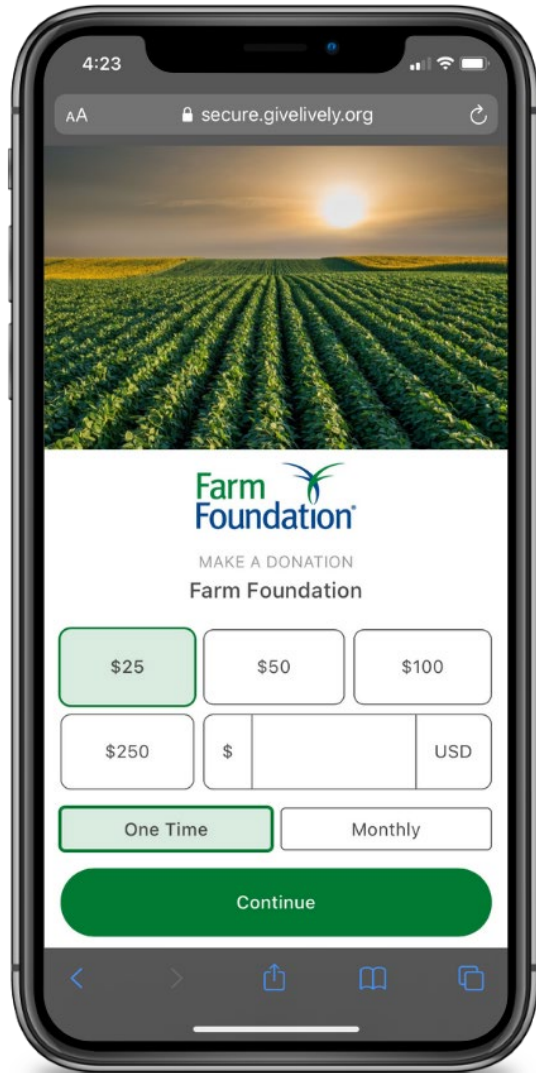
MISSION:

To **build** trust and understanding at the intersections of agriculture and society.

VISION:

To **build** a future for farmers, our communities, and our world.

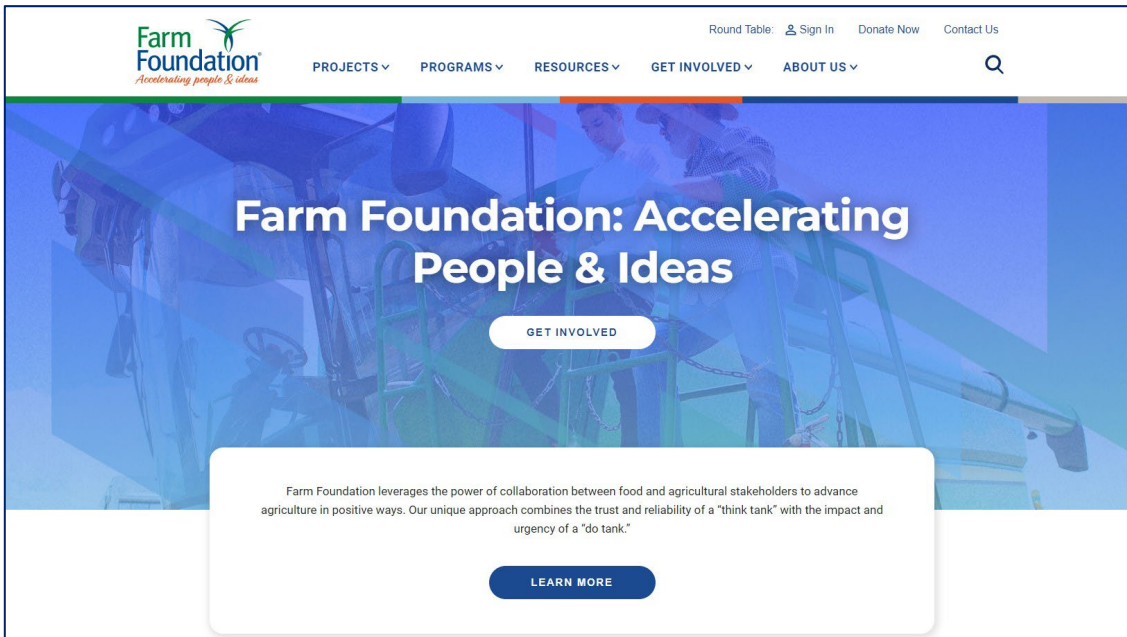
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IMPORTANT NOTES

- Submit questions by clicking on the **Q&A Button** at the bottom of your screen.
- Please **include your name and company** so questions may be contextually understood.
- Due to **time limits**, we may not be able to ask all questions submitted.
- This Forum is being recorded and will be posted on our website at **farmfoundation.org** as well as the Farm Foundation **YouTube** channel.
- Please take the **short survey** at the conclusion of the Forum.



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BRIAN KUEHL

Moderator/Speaker

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AMBASSADOR GREGG DOUD

Vice President of Global Situational Awareness and
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Agricultural Trade and Policy Overview

Amanda Countryman

Associate Professor

Farm Foundation Fellow



Colorado State University

Farm
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Agricultural Trade and Policy Overview

- U.S. Agricultural Trade Snapshot
- War in Ukraine
- U.S. China Trade
- U.S. Trade Policy Highlights
- Global Challenges and Uncertainty

Outlook for U.S. Ag Trade

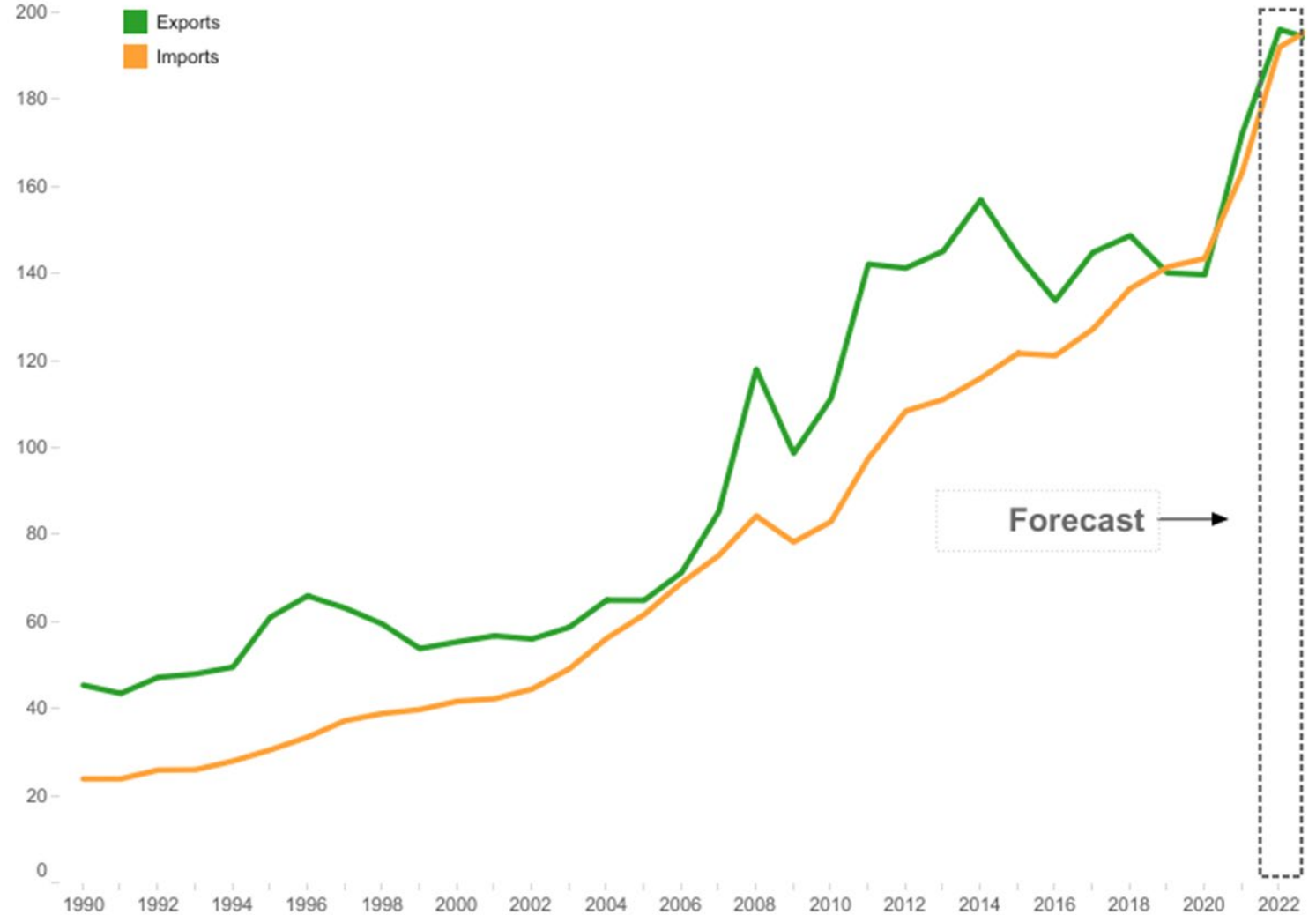
Ag Trade Forecast FY 2022

-Exports = \$193.5 bn

-Imports = \$197 bn

U.S. agricultural trade

Value, billion dollars

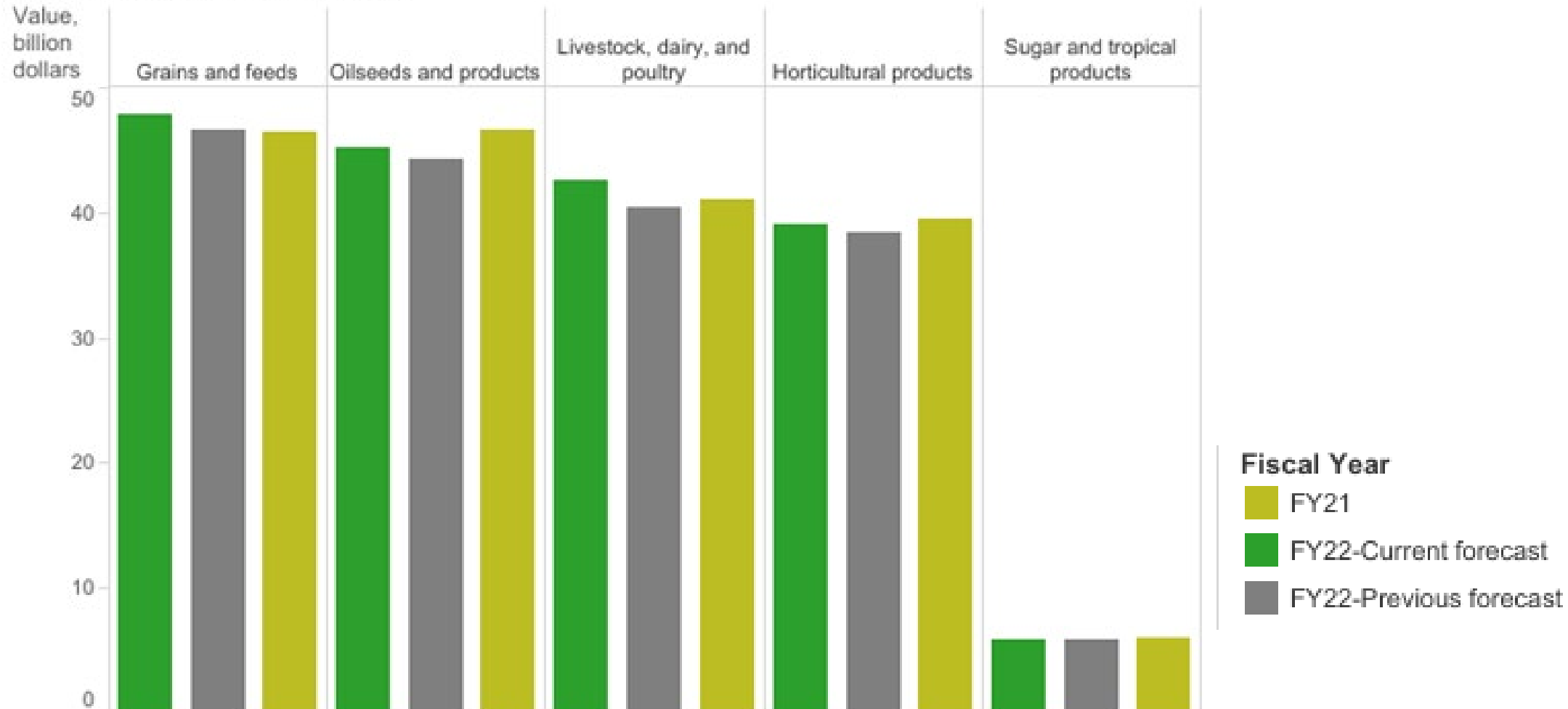


Source: USDA, Economic Research Service and USDA, Foreign Agricultural Service analysis and forecasts using data from U.S. Department of Commerce, Bureau of the Census.

Source: USDA Outlook, August 2022

U.S. Ag Exports

U.S. exports by commodity

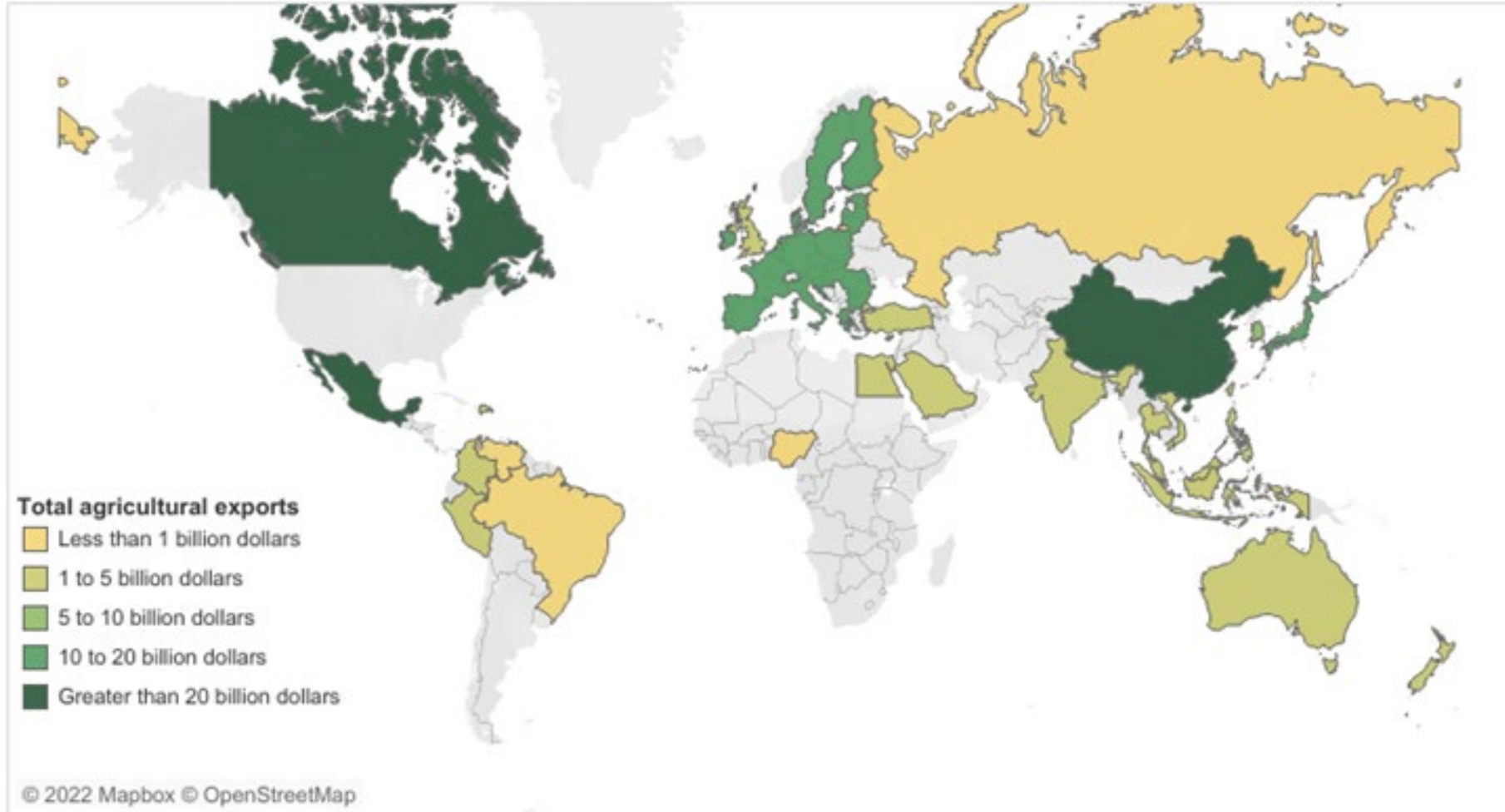


Source: USDA, Economic Research Service and USDA, Foreign Agricultural Service analysis and forecasts using data from U.S. Department of Commerce, Bureau of the Census.

Source: USDA Outlook, August 2022

U.S. Ag Export Partners

Total U.S. agricultural exports (billion dollars)

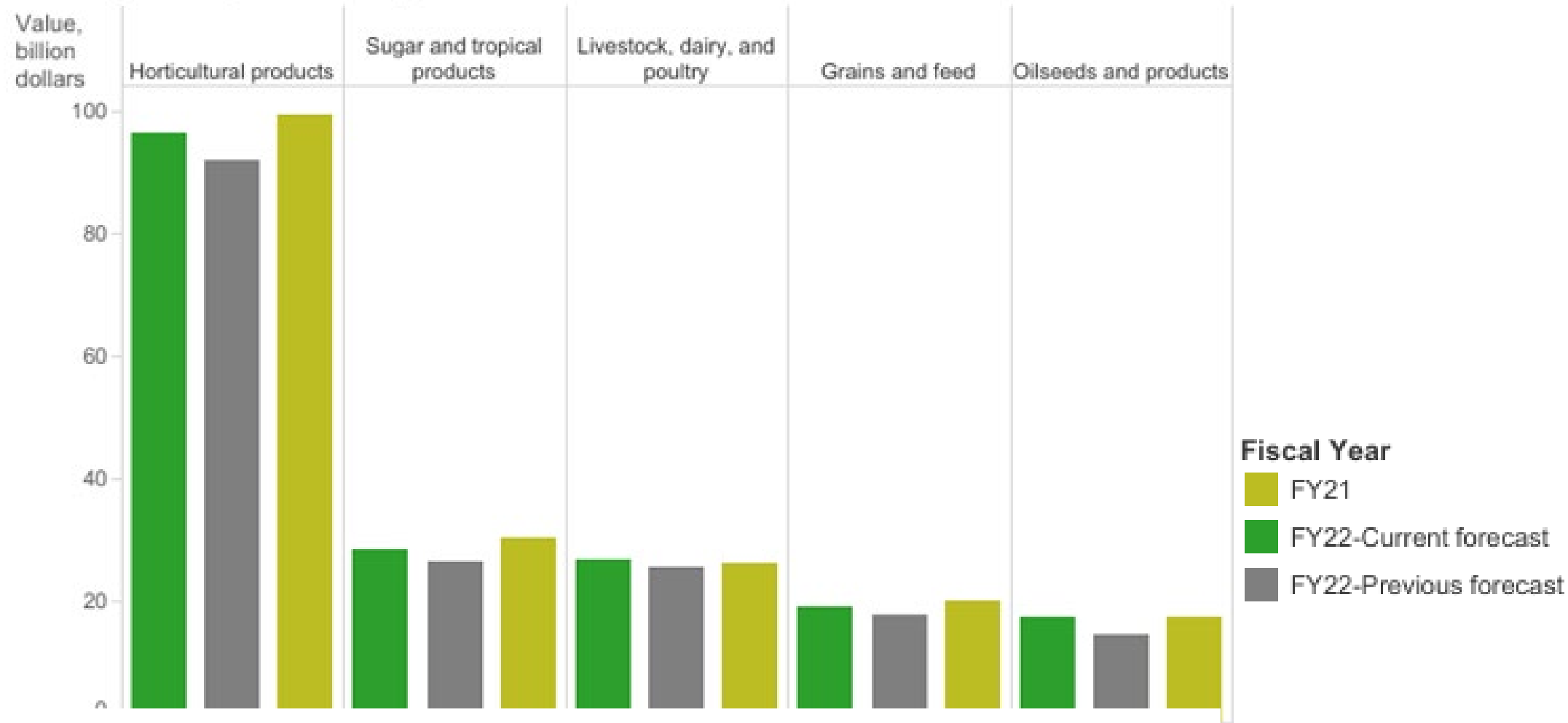


Source: USDA, Economic Research Service and USDA, Foreign Agricultural Service analysis and forecasts using data from U.S. Department of Commerce, Bureau of the Census.

Source: USDA Outlook, August 2022

U.S. Ag Imports

U.S. imports by commodity

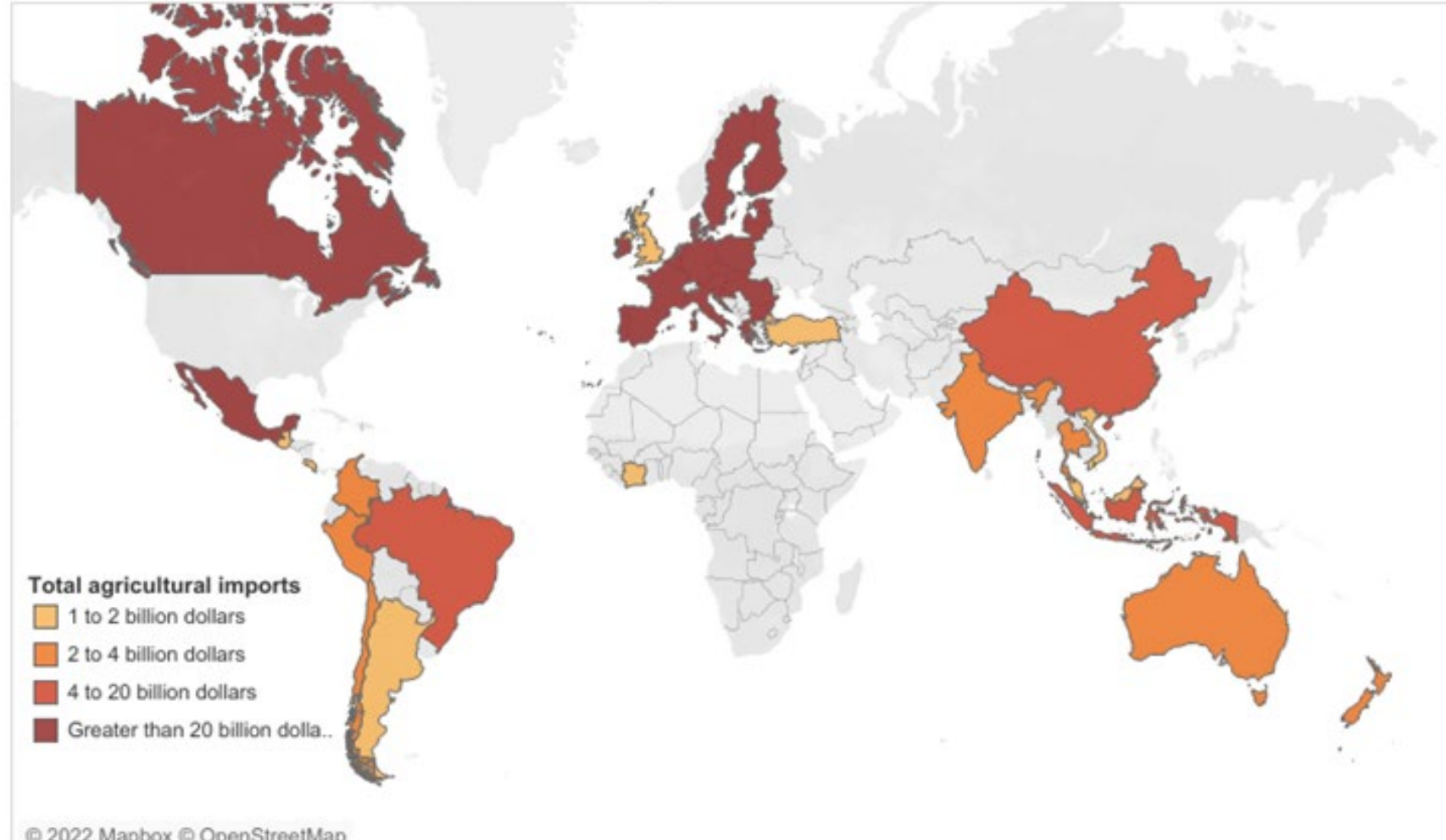


Source: USDA, Economic Research Service and USDA, Foreign Agricultural Service analysis and forecasts using data from U.S. Department of Commerce, Bureau of the Census.

Source: USDA Outlook, August 2022

U.S. Ag Import Partners

Total U.S. agricultural imports (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.

Source: USDA Outlook, August 2022

Current Trade Challenges

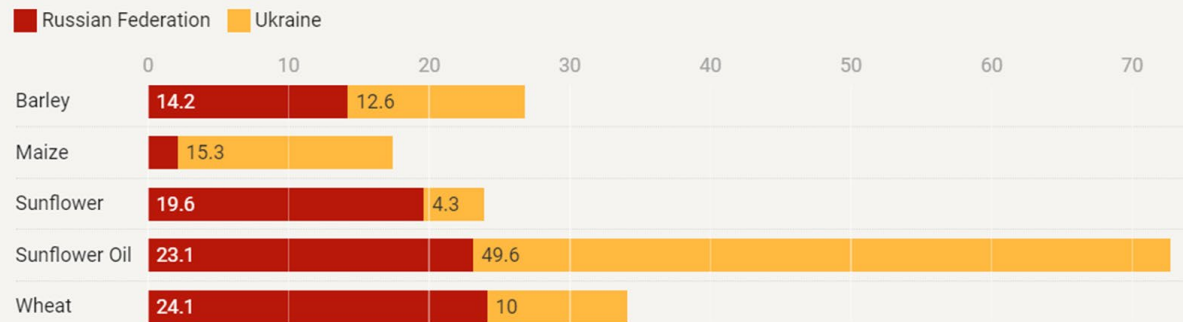
- War in Ukraine
- Conflict with China
- Inflation
 - Input prices: fuel, fertilizer
- Exchange rates
- Transport logistics
 - For inputs and final products
- Trade policy
 - Tariff barriers
 - Nontariff barriers
 - Plant and Animal Health



War in Ukraine

Ukraine & Russia = **12%** of global ag exports
= **20%** of fertilizer exports

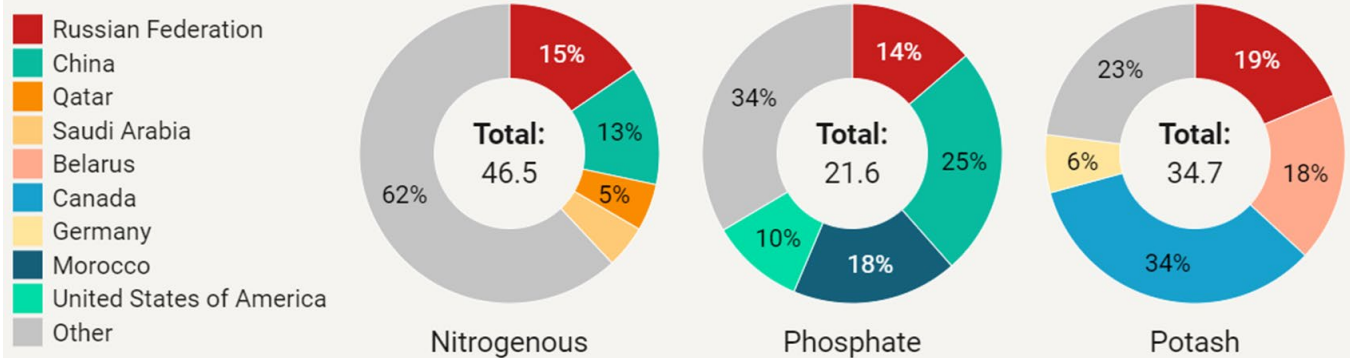
Share in global markets, volume



Intra-EU trade excluded from computations.

Global markets of fertilizers in 2019

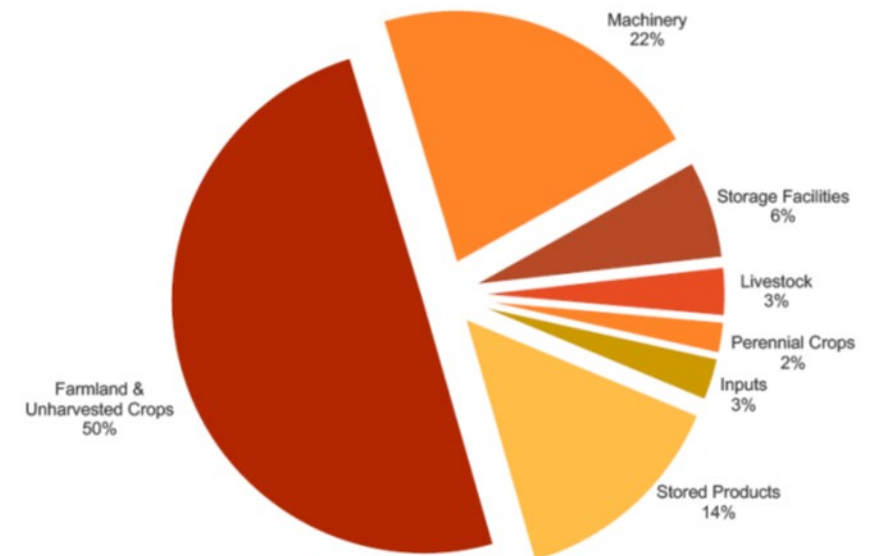
Market shares of main exporters and total amount of traded nutrients in metric tons.



Source: Glauber and Laborde, 2022



Agricultural Damages in Ukraine from Russian Invasion



Source: Neyter et al. 2022

High Food, Fertilizer and Energy Prices

Real prices for food and fertilizer

Index based on constant USD prices. Base 100 = Average 2000-2020

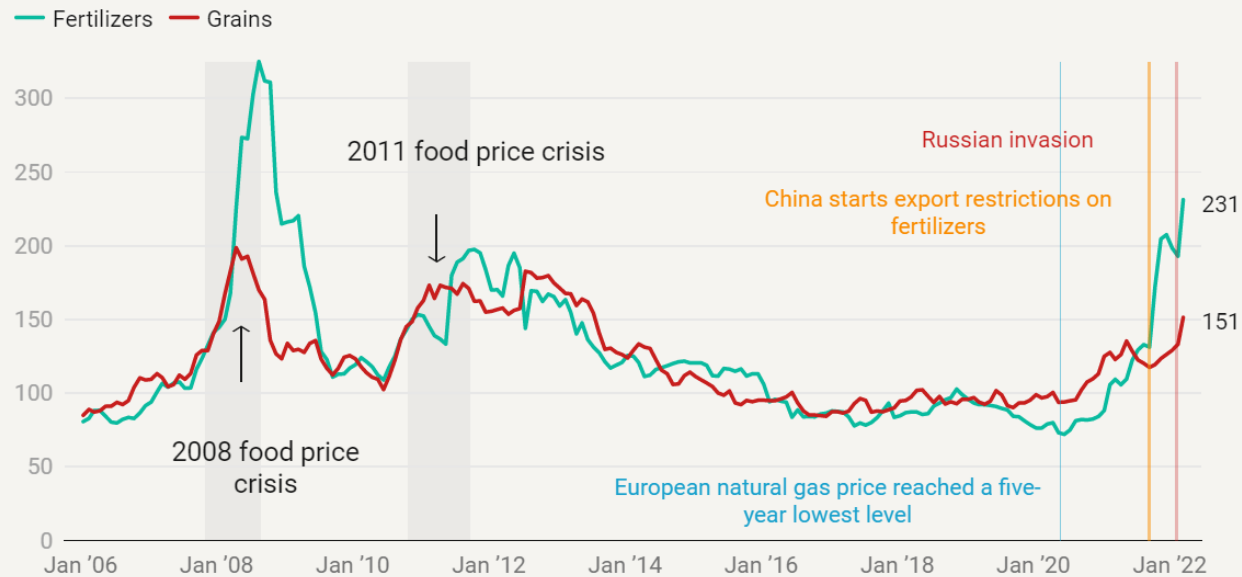


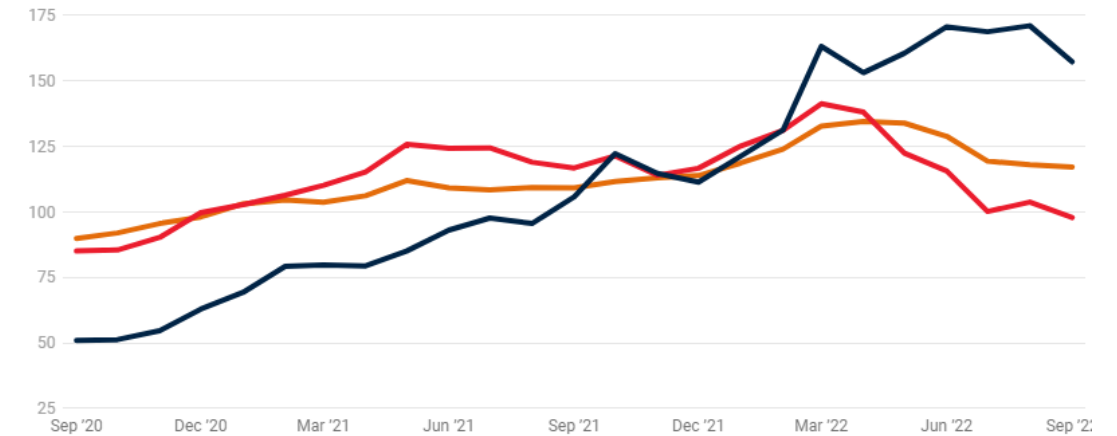
Chart: David Laborde • Source: World Bank, U.S. Bureau of Labor Statistics • [Get the data](#) • [Embed](#) • [Download image](#)

Source: Hebebrand, and Laborde, 2022

Major price indexes

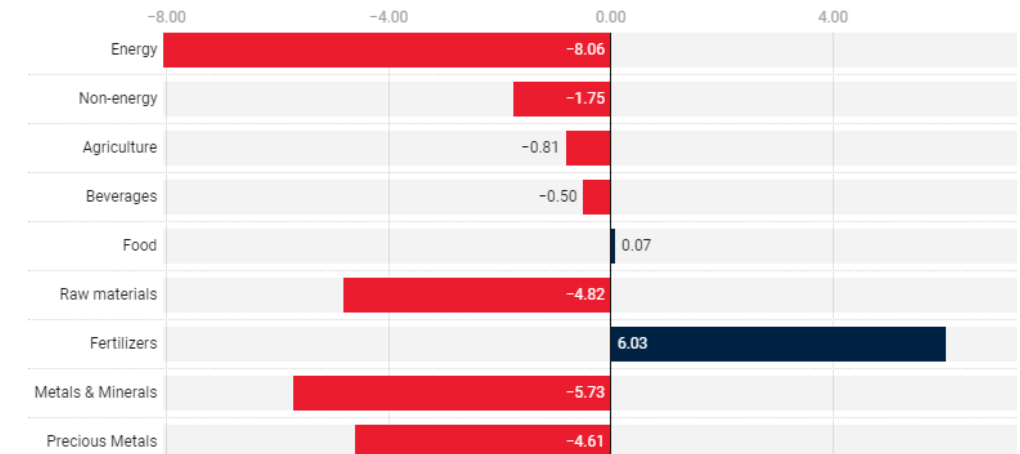
Index US\$ (2010=100)

Energy Metals Agriculture



Source: World Bank

Nominal price indexes, percent changes, September over August



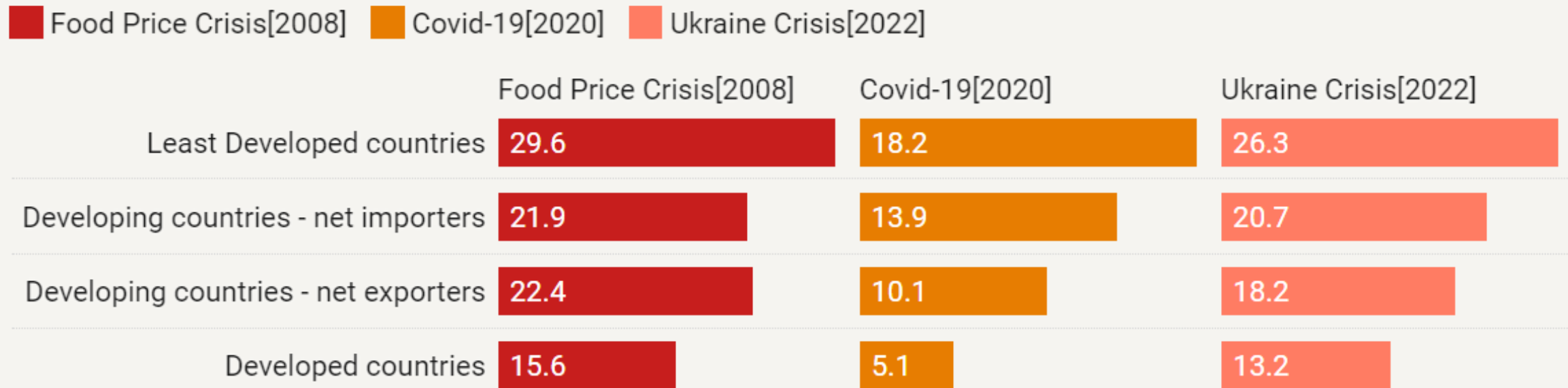
Source: World Bank

Source: World Bank, 2022

Food Concerns Lead to Export Restrictions

Share of imported calories impacted by export restrictions

Breakdown by economic group.



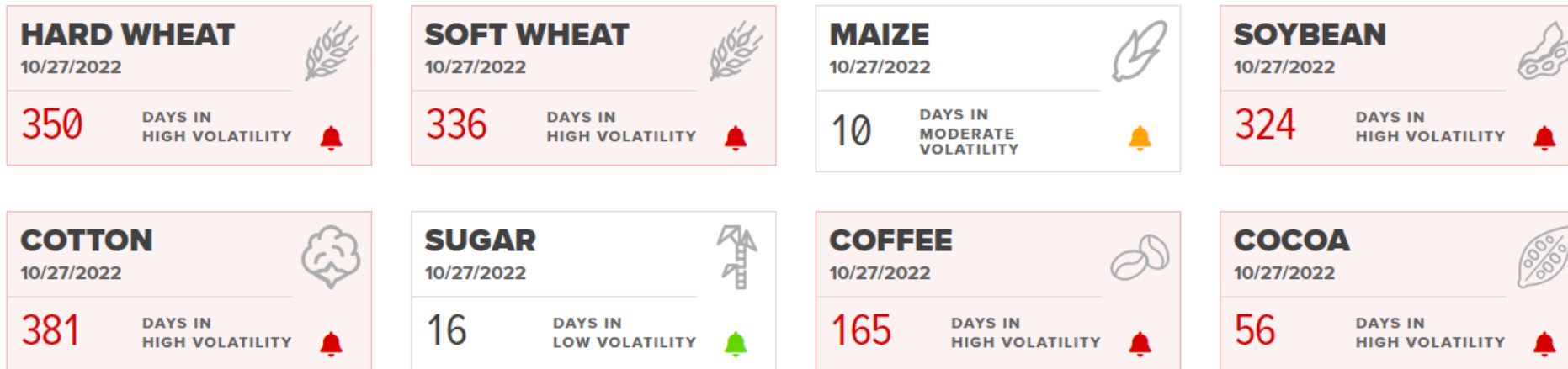
Numbers include products used for food, feed or energy. Intra-EU trade excluded from computations.

Chart: Abdullah Mamun • Source: [Export restriction tracker](#) • [Get the data](#) • [Embed](#) • [Download image](#)

Source: Glauber, J. et al.. "How How to make the WTO relevant in the middle of a food price crisis." IFPRI Blog Post. June 11, 2022

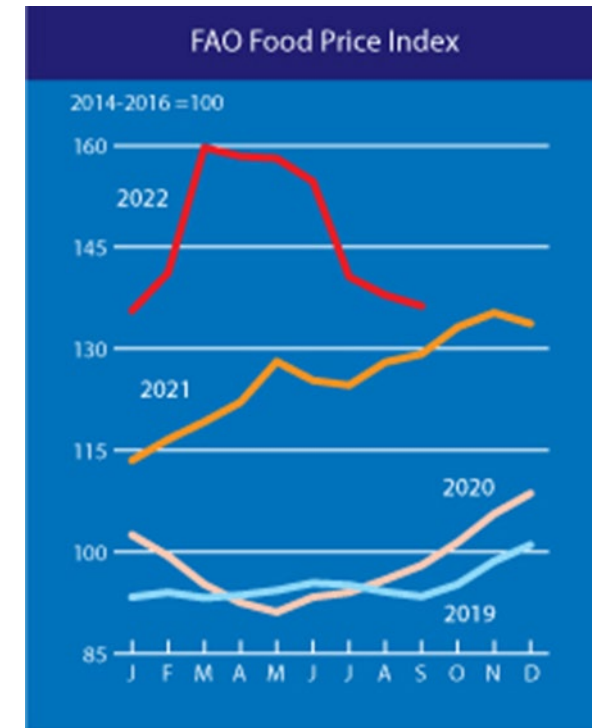
Trade Restrictions Increase Price Volatility

Volatility Warning



Days in volatility reflects the number of continuous days in the current level of volatility.

Source: FAO. Excessive Food Price Variability Early Warning System. Food Security Portal. 2022



Source: FAO. World Food Situation. 2022

U.S.-China Trade Conflict & Phase 1 Trade Deal

- Current State of Trade Actions

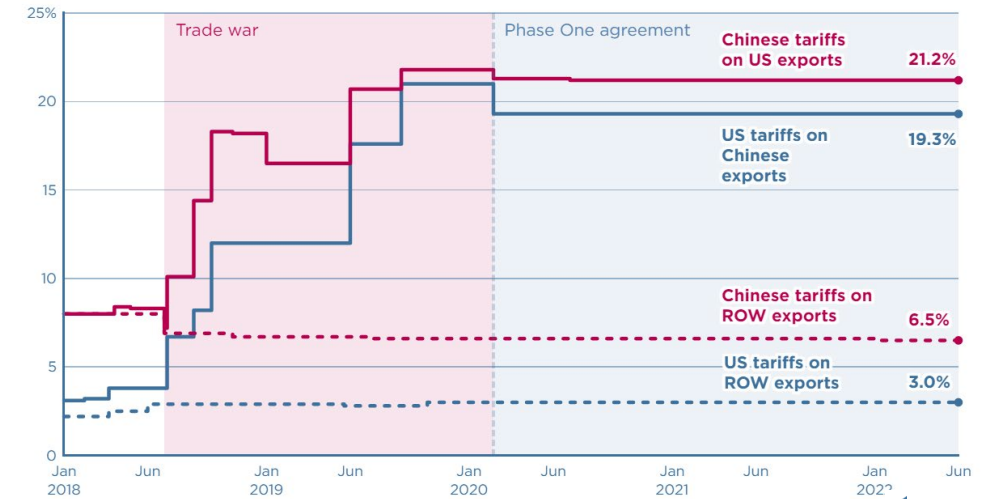
- September 2020 Tariffs cut in half (previous tariff rounds remain)
- Exclusions for key imports including US Ag
- 58.3% US exports face retaliatory tariffs
- 66.4% Chinese exports face U.S. retaliatory tariffs

Commitments by China:

- Food Safety NTM Reductions
 - Intellectual Property Protections
 - Improved Foreign Investment
 - Currency Commitments
- Purchase U.S. Goods & Services: >\$200bn in 2 years above 2017 levels
 - Fulfilled 58% of total purchase commitments from 2000 to 2021
 - Agriculture (83% fulfilled), Manufacturing (59% fulfilled), Energy (37% fulfilled), Services (54% fulfilled)

US-China trade war tariffs: An up-to-date chart

a. US-China tariff rates toward each other and rest of world (ROW)

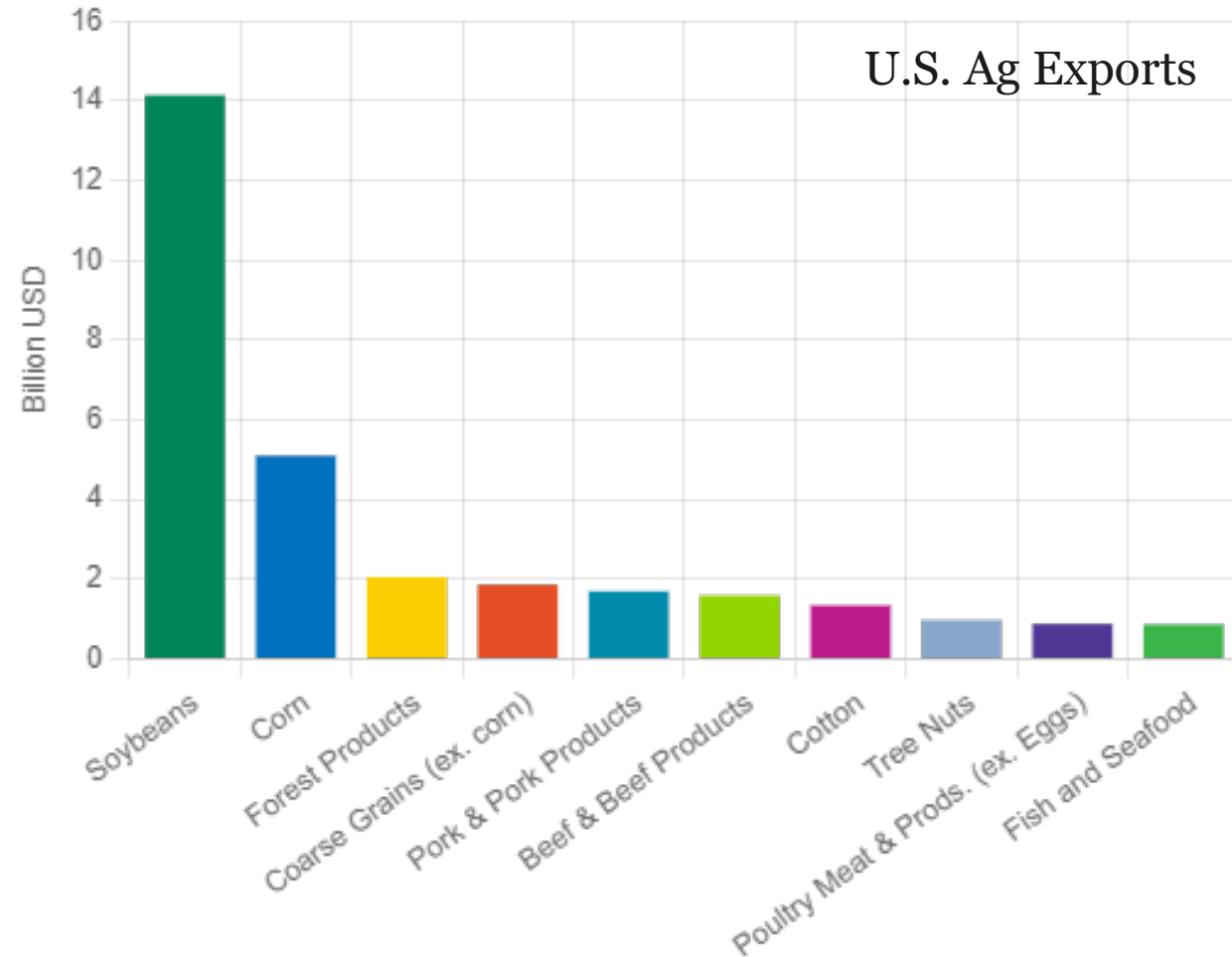
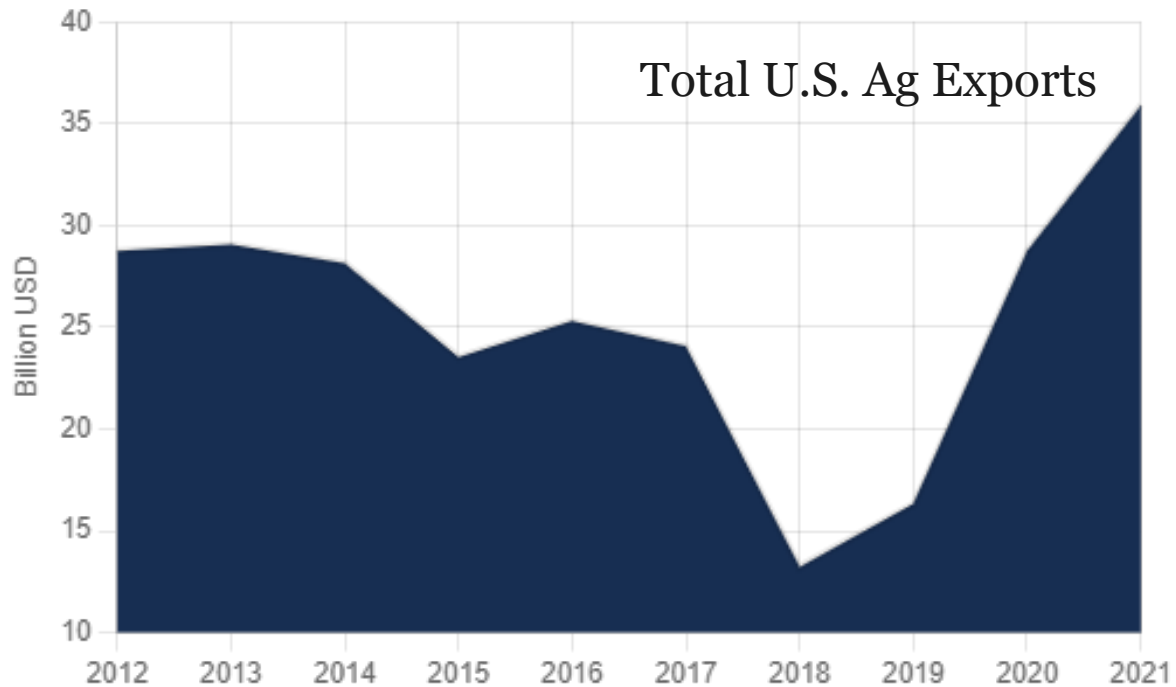


Source: Chad Bown, 2022 PIIE

China is the #1 U.S. Ag Export Market

Total Ag Export Value
\$35.9 Billion

3-Year Average
\$26.99 Billion



Source: USDA FAS, May 2022

Farm Foundation China Trade Salons: 4 Key Themes from Agriculturalists

1. Trust and Stability

- Uncertainty and hot-cold purchasing create risk management challenges

2. Increased Input Prices and Supply Chain Challenges

- Fertilizer and shipping were the hot topics

3. Food Security and Production Practices

- Worries about high food prices and decreased availability
- Concerns about production constraints given the EU Farm to Fork Strategy

4. Trade Policy

- Widespread disappointment that U.S. trade policy is stagnant
- Universal desire to advance trade policy with China and other trade partners
- Emphasis on the need for export market diversification

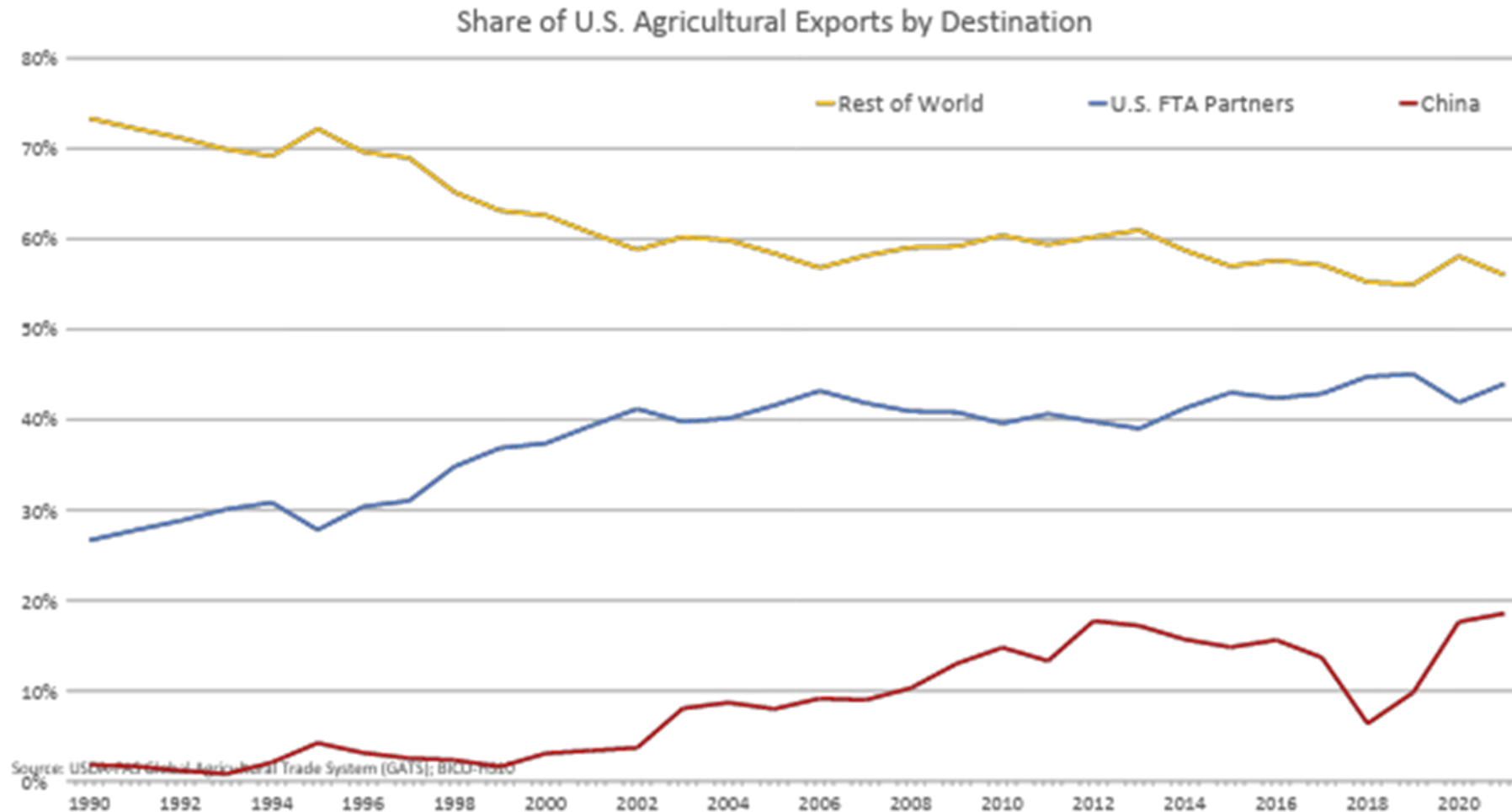


The Future of Food and
Agricultural Trade with China

A Diversity of Perspectives

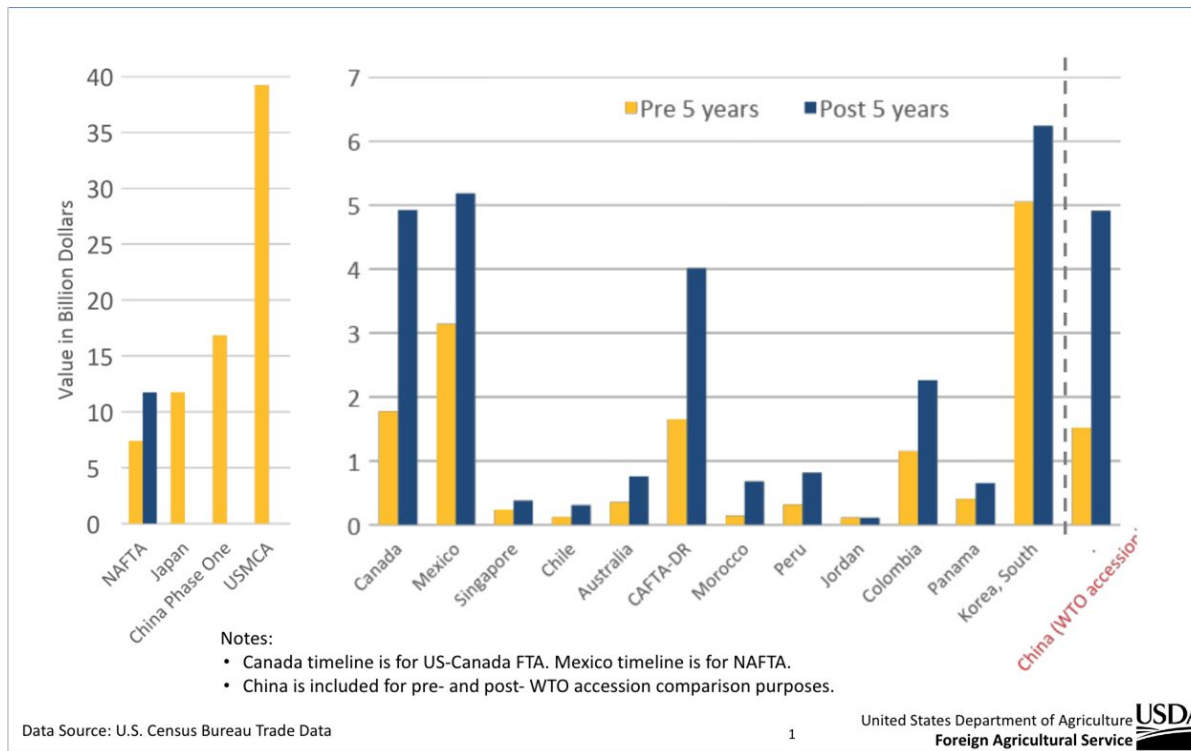
- ✓ Ag technology companies
- ✓ Equipment retailers
- ✓ Specialty crop producers
- ✓ Farmers
- ✓ Processors
- ✓ Food companies
- ✓ Marketing associations
- ✓ Non-profit leaders
- ✓ Economists
- ✓ Researchers
- ✓ Consultants
- ✓ Farmer organizations
- ✓ State government officials

U.S. FTAs Increase Exports to Partners

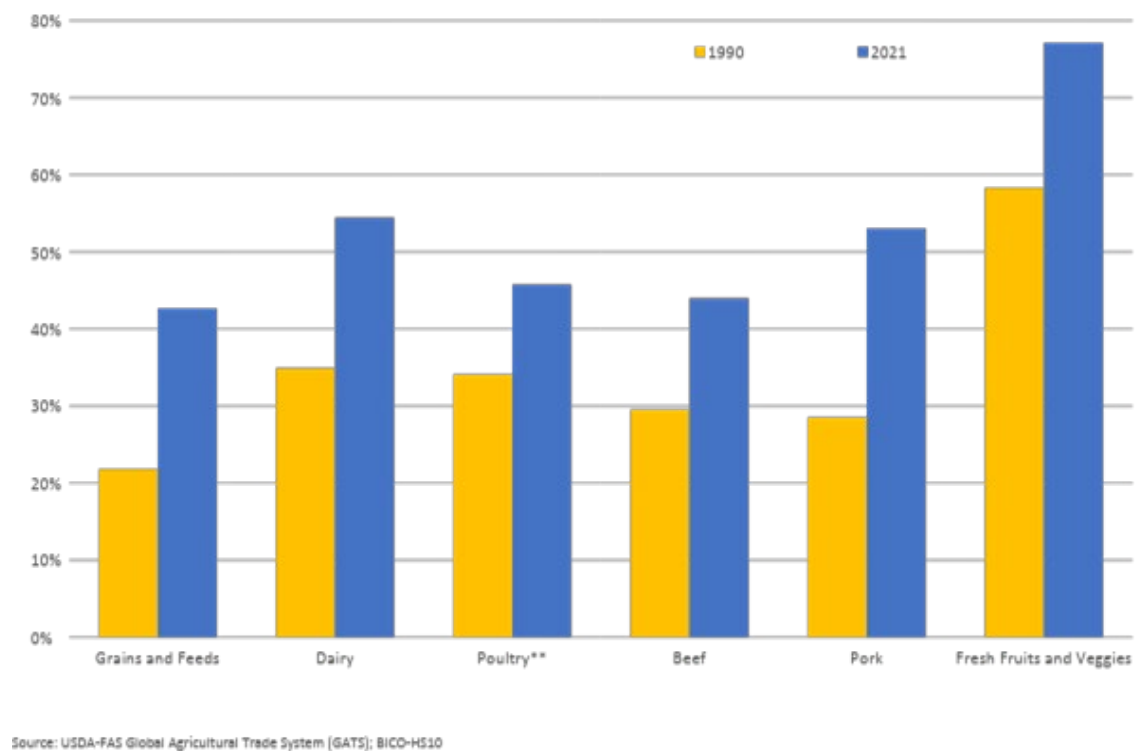


U.S. Export Growth to FTA Partners

U.S. Agricultural Exports Before and After FTAs



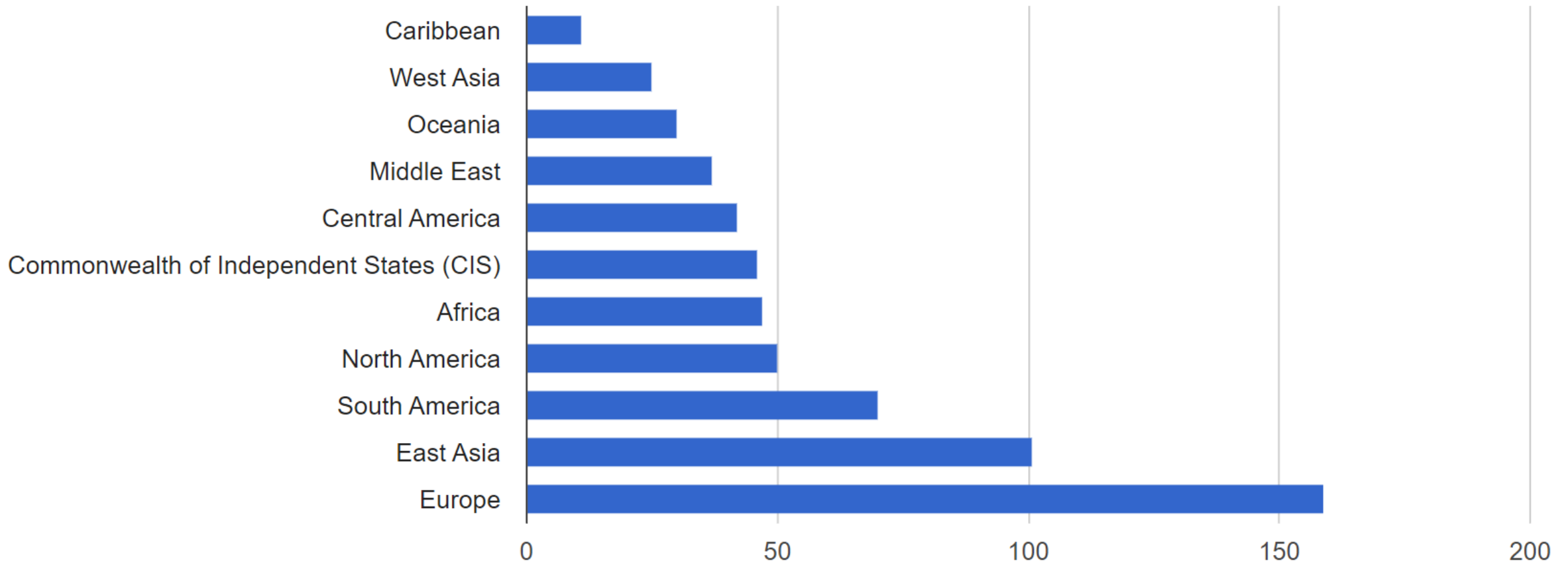
Share of Total U.S. Exports to FTA Countries



Regional Trade Agreements

-U.S. has 14 FTAs

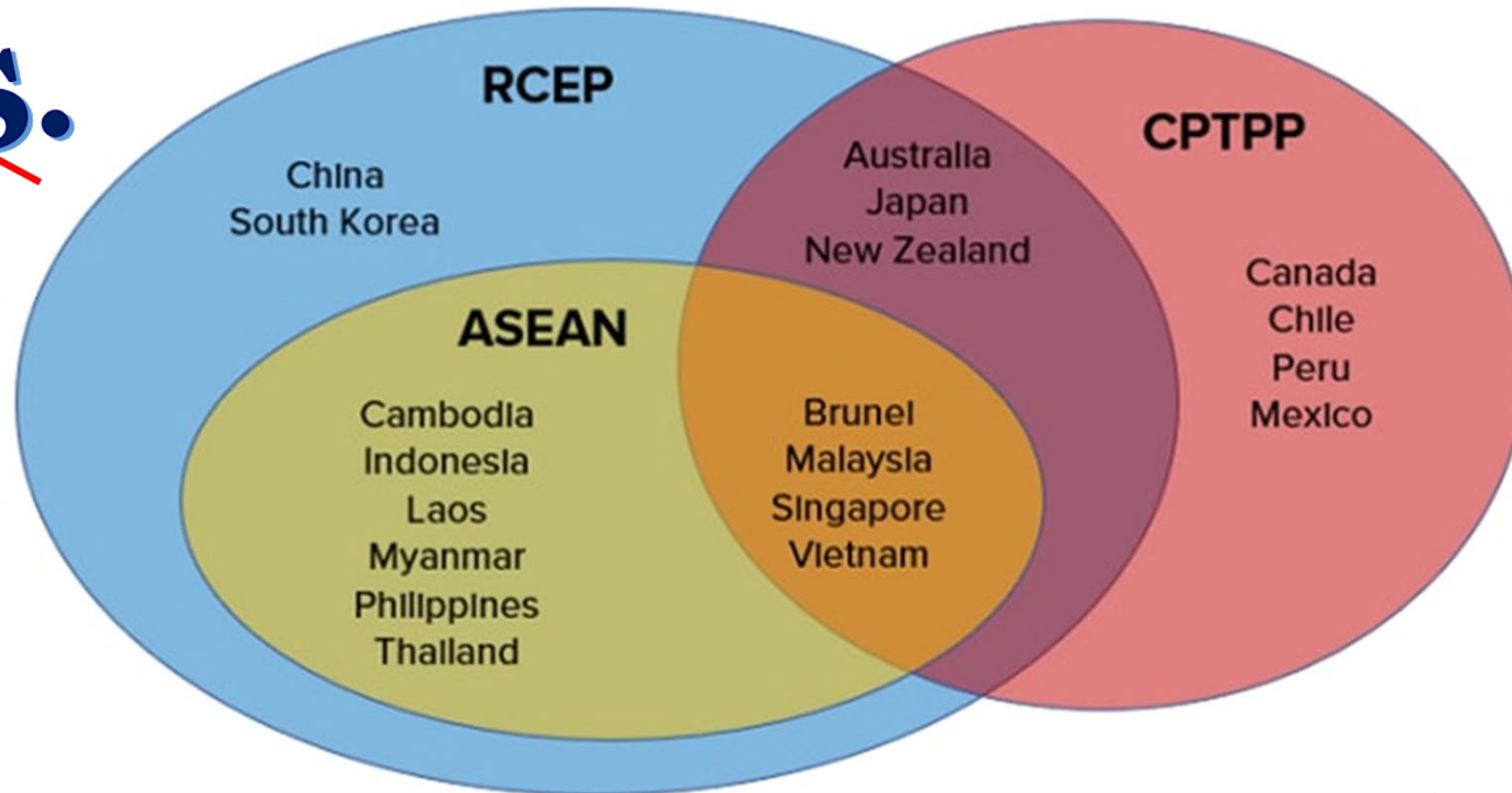
RTAs in force, participation by region



Source: WTO Secretariat, 2022

Trade Policy: Asia Pacific

~~U.S.~~



Indo-Pacific Economic Framework for Prosperity (IPEF)

- May 23, 2022
- 13 countries, not China
- 40% of world GDP
- Agreed to cooperate on
 - Connected Economy
 - Resilient Economy
 - Clean Economy
 - Fair Economy
- Not a trade deal!
 - No Tariff Changes



Potential for Future U.S. Trade Agreements

-Priorities

- Increased market access
- SME focus
- Harmonize regulations for trade, labor, and environment
- Nontariff Barriers: Address problematic restrictions on conventional U.S. ag production

-China

-UK

- EU (TTIP)

-Kenya

-East African Community (EAC)

-More than IPEF Needed

-India Remains Challenging



Global Challenges and Uncertainty

- War in Ukraine continues
- China trade concerns remain
- Uncertainty for U.S. and global trade policy
 - U.S. lags as others move forward with trade agreements
 - Trade policy responses to food crisis increases volatility
- Supply chain issues persist
- Inflation >8%
- Food affordability and availability challenging
- And the list goes on...

Cautious Optimism

- U.S. agriculture faring well relative to other sectors
- Commodity prices outpace input cost hikes
 - Producer concerns about increased input costs
- U.S. ag export strength continues
 - Strong prospects for high-value products
- Potential for shocks
 - Geopolitical conflict
 - Energy
 - Weather
 - Inflation
 - Trade policy
 - Animal and plant health





Thank You! Questions?

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DR. SETH MEYER

Chief Economist,
USDA





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WHAT TO EXPECT FROM THE 2023 FARM BILL

DECEMBER 6, 9 A.M. CST