

Ag Trade & China in the Year of COVID-19

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Extension and Outreach



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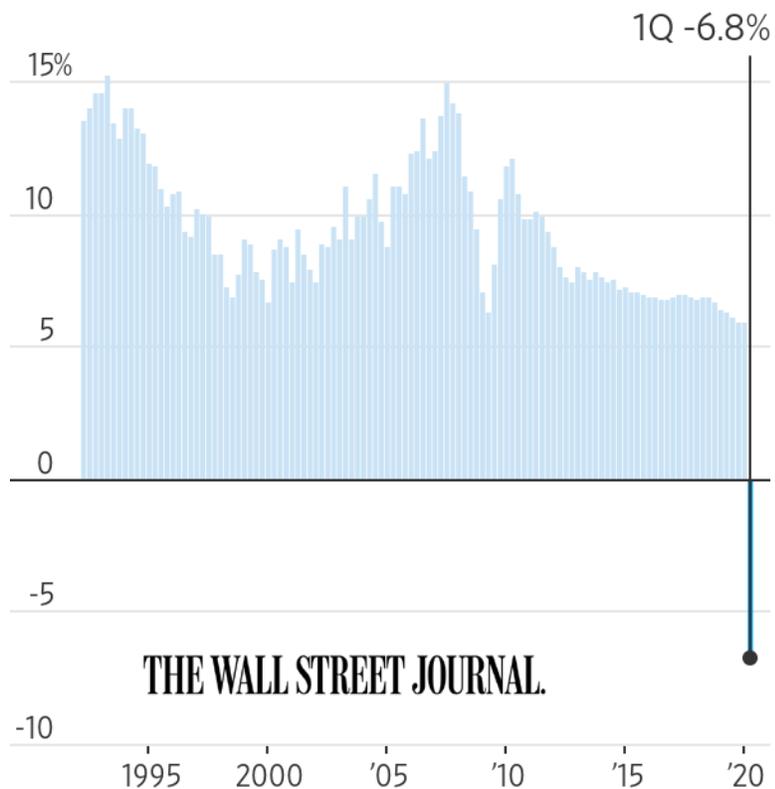
China Records First Ever Contraction in Quarterly GDP on Coronavirus

GDP contraction of 6.8% foreshadows pain likely to be reported world-wide

Viral Hit

China recorded its first GDP contraction since it began reporting quarterly figures in 1992.

Quarterly GDP, change from a year earlier



THE WALL STREET JOURNAL.

Source: National Bureau of Statistics via Wind



CHINA ECONOMY

China decides not to set a GDP target for 2020 as coronavirus batters the economy

PUBLISHED THU, MAY 21 2020 9:19 PM EDT

UPDATED THU, MAY 21 2020 11:30 PM EDT



Evelyn Cheng
@CHENGEVELYN

SHARE



KEY POINTS

- Chinese Premier Li Keqiang shared the government's outlook Friday as part of China's annual parliamentary meeting, delayed by about two months this year due to the coronavirus.

A photograph showing Donald Trump on the right, looking towards a group of Chinese officials on the left. They are in a formal setting with American and Chinese flags in the background.

The coronavirus will delay agricultural export surges promised in trade deal with China March 2020

The novel coronavirus has shocked the world's economies.

The virus has spread to more than 100 countries and many U.S. states. This has rattled global stock markets, plunging the Dow more than 2,000 points on March 9 – the biggest one-day drop since the 2008 Great Recession.

Concerns about potential global economic decline has made implementation of the U.S.-China phase one trade deal uncertain. This deal requires China to purchase an additional **US\$12.5 billion worth of U.S. agricultural products in 2020**, and **\$19.5 billion more in 2021**.

In our recent research on the impacts of the U.S.-China trade war on U.S. agriculture, we argue that **China has the capability to make these purchases**, despite delays and disruptions to supply chains and trade flows caused by the coronavirus.

<https://theconversation.com/the-coronavirus-will-delay-agricultural-export-surges-promised-in-trade-deal-with-china-132227>

THE CONVERSATION

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Disclosure statement

Wendong Zhang receives funding from US Department of Agriculture Agriculture and Food Research Initiative (AFRI) Markets, Trade and Economics program with the project titled "Quantifying the Transmission of U.S.-China and Global Policy Impacts through a New Commodity-Specific International General-Equilibrium System".

Tao Xiong is a Professor of Agricultural Economics at Huazhong Agricultural University located in Wuhan, China, and currently a visiting scholar in Center for Agricultural and Rural Development (CARD) at Iowa State University.

Partners

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Iowa State University provides funding as a member of The Conversation US.

China's Agricultural Imports under the Phase One Deal: Is Success Possible?

CARD Policy Brief 20-PB 29, May 2020 Xi He, Dermot J. Hayes, Wendong Zhang <https://www.card.iastate.edu/products/publications/pdf/20pb29.pdf>

Table 2. China's Actual First-quarter 2020 Imports and 2020 and 2021 Targeted Trade Deal Imports (\$Million)

| Commodities | 2017 | 2020 target | 2021 target | 2020 Q1 | Percentage purchased | Exports needed in April-December 2020 |
|---|--------|-------------|-------------|---------|----------------------|---------------------------------------|
| <i>Total agricultural and related products</i> | 24,002 | 36,503 | 43,503 | 3,358 | 9.2% | 33,145 |
| <i>Key crops</i> | | | | | | |
| Soybeans | 12,224 | 18,591 | 22,157 | 1,028 | 5.5% | 17,563 |
| Cotton | 978 | 1,487 | 1,772 | 291 | 19.6% | 1,196 |
| Grain sorghum | 838 | 1,275 | 1,519 | 116 | 9.1% | 1,159 |
| Wheat | 351 | 534 | 636 | 0 | 0.0% | 534 |
| Corn | 152 | 231 | 275 | 0 | 0.0% | 231 |
| Rice | 1 | 1 | 1 | 0 | 0.0% | 1 |
| Soybean meal | 7 | 10 | 12 | 1 | 10.0% | 9 |
| Soybean oil | 24 | 37 | 44 | 0 | 0.0% | 37 |
| <i>Key meat products</i> | | | | | | |
| Pork & pork products | 489 | 2,548 | 3,291 | 637 | 25.0% | 1,911 |
| Beef & beef products | 31 | 56 | 72 | 14 | 25.0% | 42 |
| <i>Other products</i> | | | | | | |
| Dairy products | 569 | 865 | 1,030 | 91 | 10.5% | 774 |
| Ethanol, incl. bev. (Thousand liters) | 83 | 127 | 151 | 0 | 0.0% | 127 |

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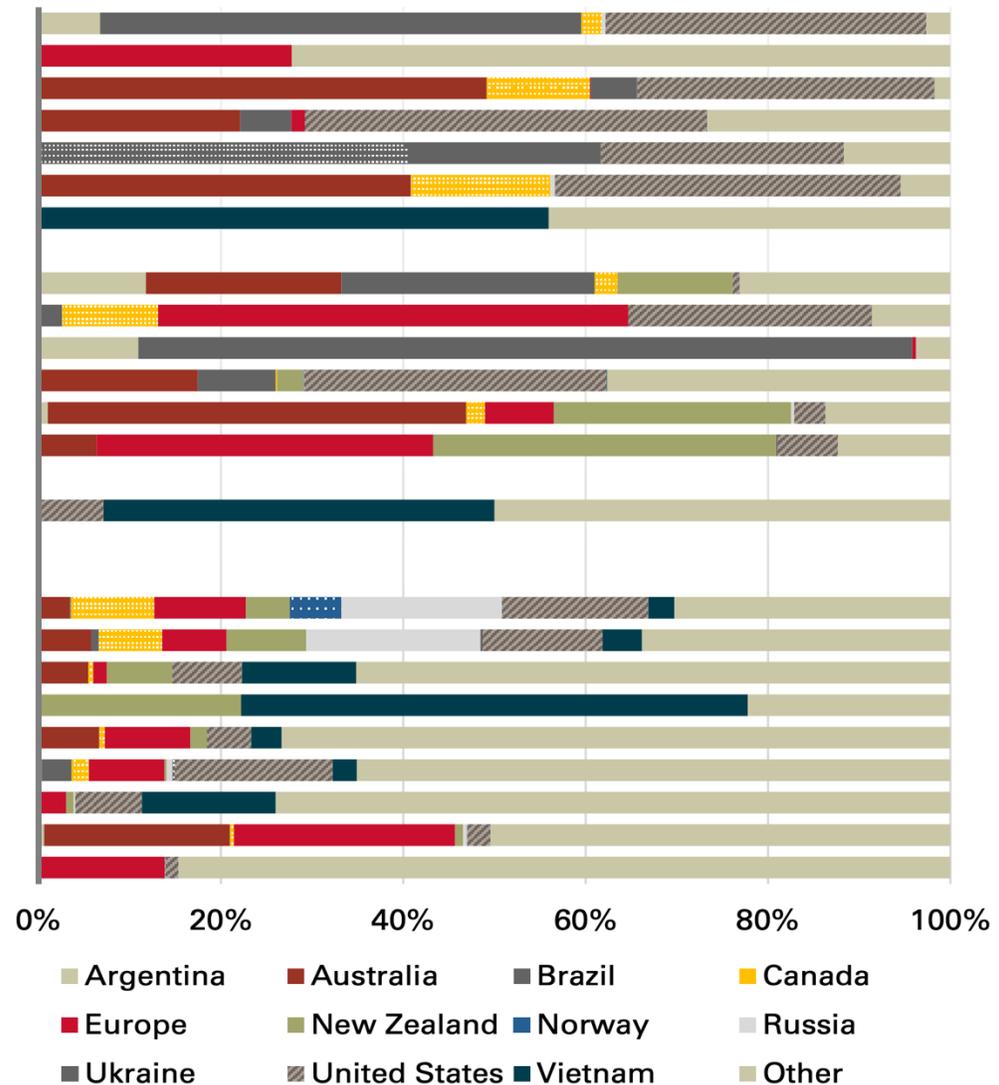
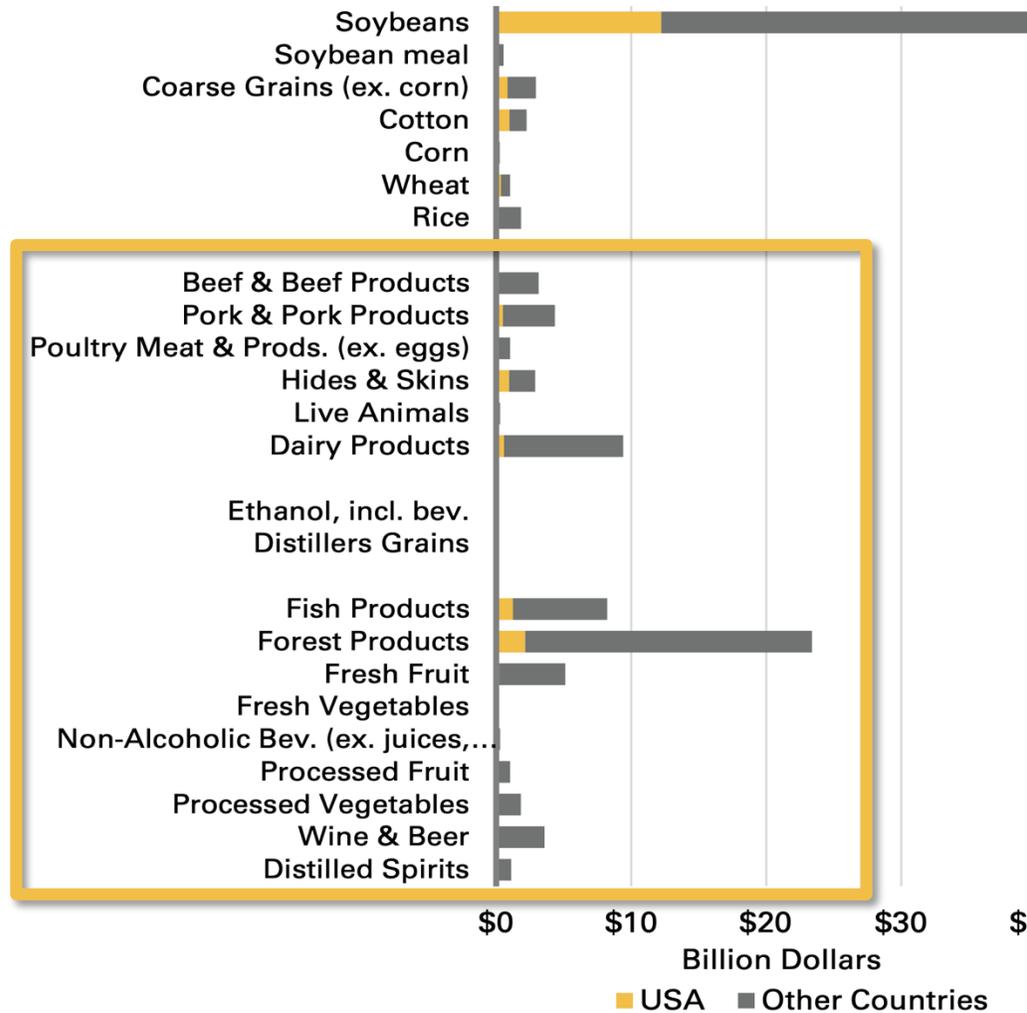
The data show China currently has an enormous market demand for agricultural imports, and, to date, has imported large quantities of pork, cotton, sorghum, and soybeans from the United States. However, China imports an even greater amount of agricultural products from other countries, which, in part, reflects a continued diversification away from US agricultural imports before and during the trade war. We predict China will import \$18.60 billion in agricultural products from the United States in 2020, far behind the phase one target of \$36.5 billion.

The first quarter of 2020 was a trying time for agricultural trade, especially for China, so there is still room for optimism, and we see several positive signs that China will accelerate its agricultural purchases. First, US-China price differentials of relevant commodities recently increased, providing a market signal for China to increase imports from the United States.

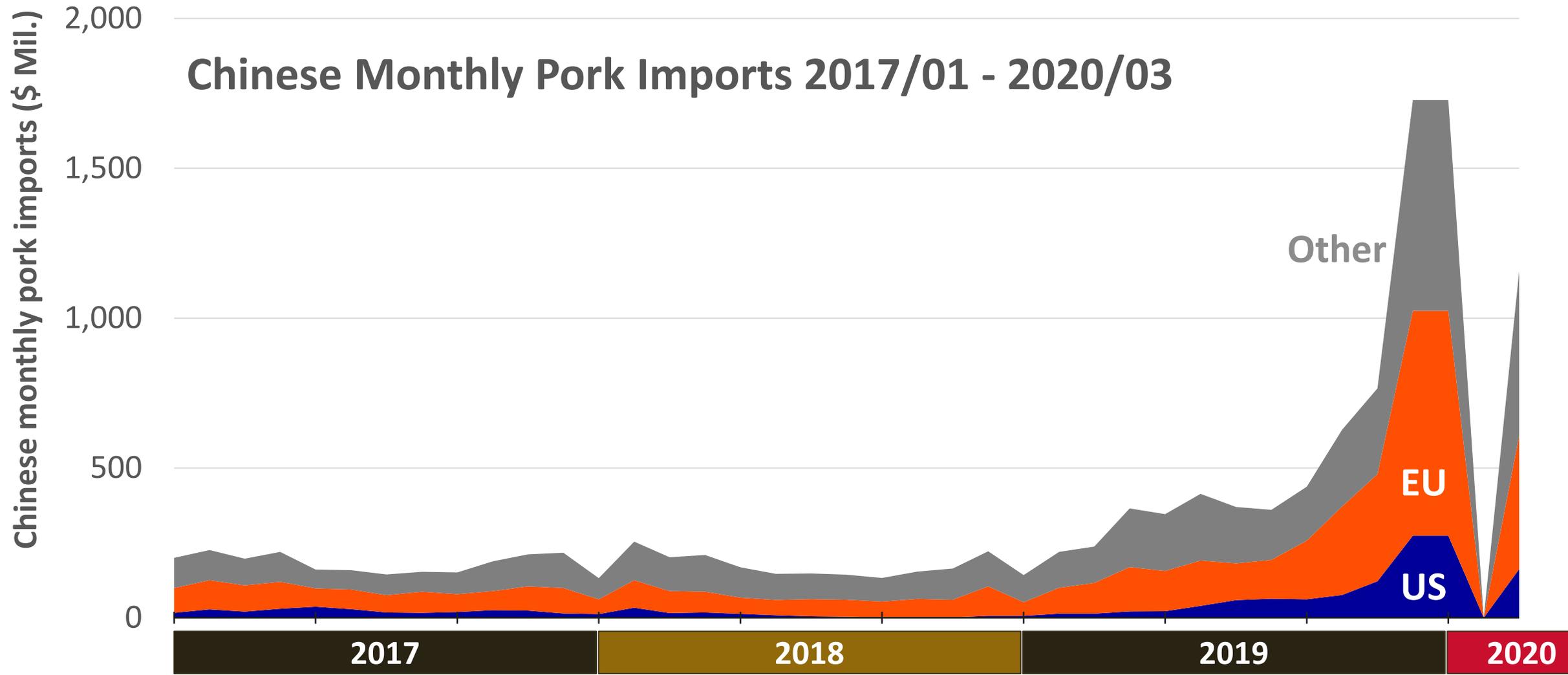
Second, there are indications that, beginning in October, China plans to import large quantities of corn, as its domestic supply gap has widened. Third, China has announced its intention to purchase 20 million tons of corn, 10 million tons of soybeans, and one million tons of cotton for its national reserve. Fourth, China is short on animal protein due to the African Swine Fever outbreak, and thus is purchasing an increasing share from the United States. Fifth, China is making good progress meeting the regulatory and structural changes promised as part of the phase one deal, including updating lists of US facilities eligible to export distillers dried grains with solubles and beef and pork products lists. However, US-China trade prospects depend critically on COVID-19's impact on international logistics and China's political willingness to allow US imports to return to and exceed pre-trade-war levels. We provide a commodity specific estimate of what China will need to import from the US in the last three quarters if it is to meet the terms of the deal by the end of 2020.

A possible & more balanced pathway for China's ag import surge?

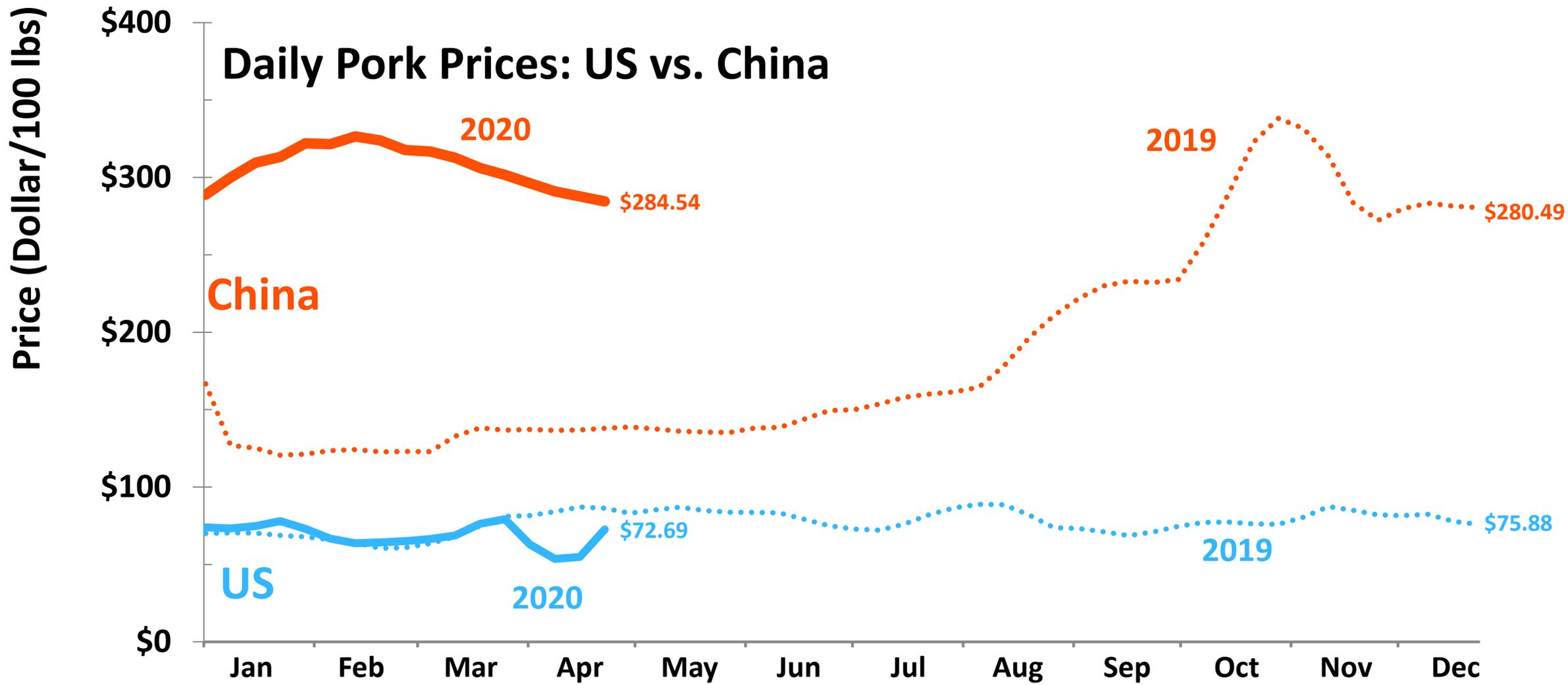
Key Chinese agricultural imports by commodity and country in 2017



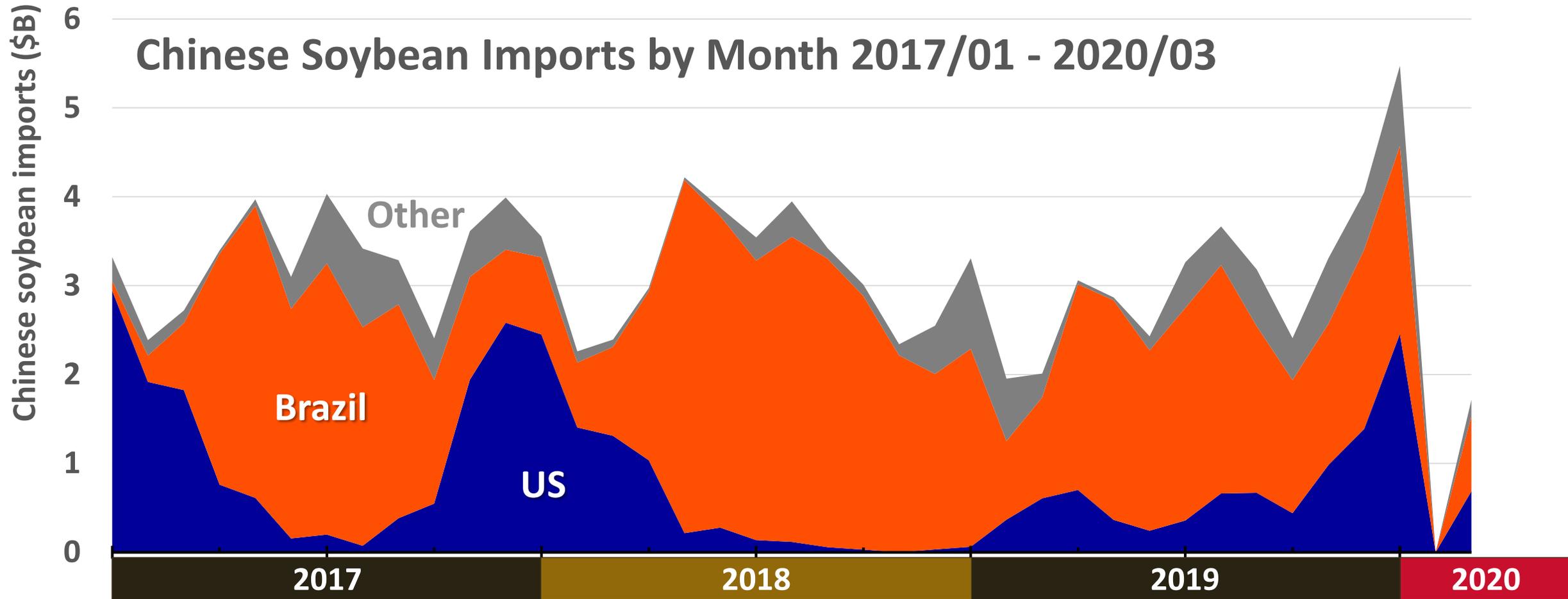
US Pork Exports to China Surged b/c ASF, so has Europe's



US Pork Exports to China Surged b/c ASF, so has Europe's



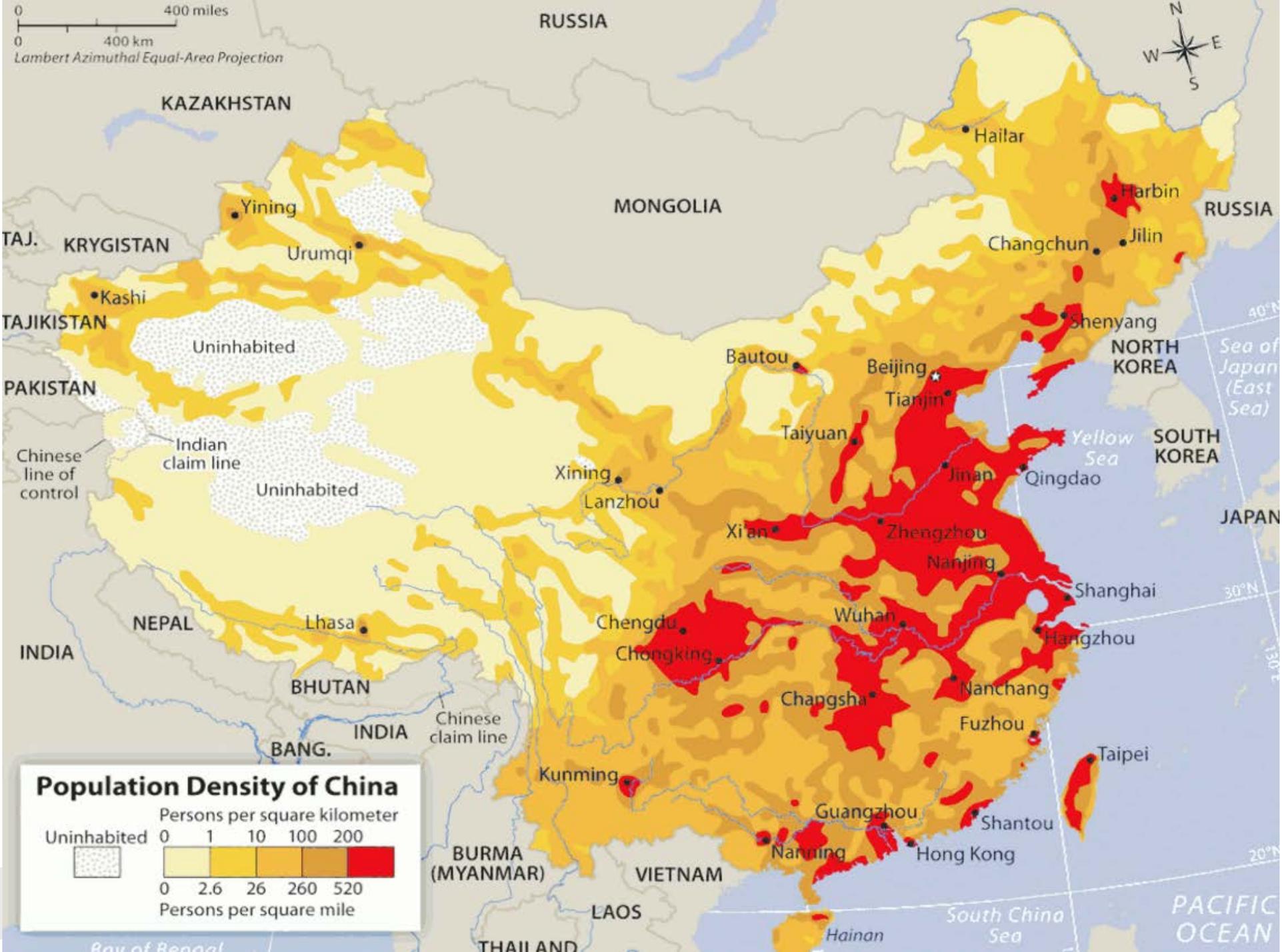
US Soybean Exports Comparable to 2019, but behind 2017



Source: UN Comtrade

What remains unchanged: Comparative advantage for US Ag



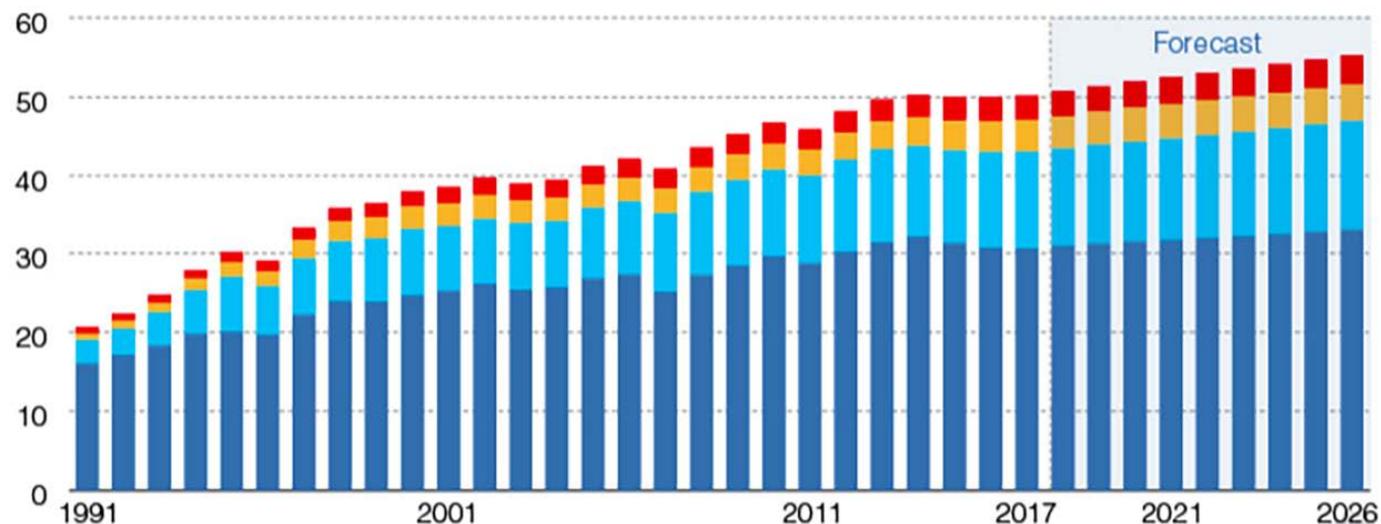


What remains unchanged after COVID-19: Chinese surging meat consumption & beyond

A Meatier Middle Kingdom

■ Pork ■ Poultry ■ Beef and veal ■ Sheep

Unit: Kilograms per capita



Source: 财新数据
Caixin Data

Original Sources: Organization for Economic Co-operation and Development, Food and Agriculture Organization of the United Nations

Caixin
ENGLISH | 财新中文

Oct 12, 2018 08:20 PM

DAILY CHART

Charts of the Day: China's Growing Meat Consumption

CHINADAILY 中国日报网
中文

Home / Business / Industries

Chilean cherries a hit with festive shoppers

By Ouyang Shijia | China Daily | Updated: 2019-02-12 09:45

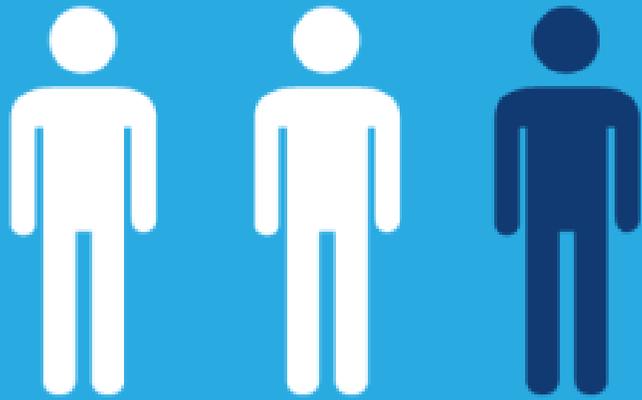


Consumers buy cherries at a supermarket in Guangzhou, capital of Guangdong province. [Photo by Li Zhihao/For China Daily]

What remains unchanged after COVID-19: Chinese surging middle class

**88 percent of the next billion entrants
into the middle class will be in Asia**

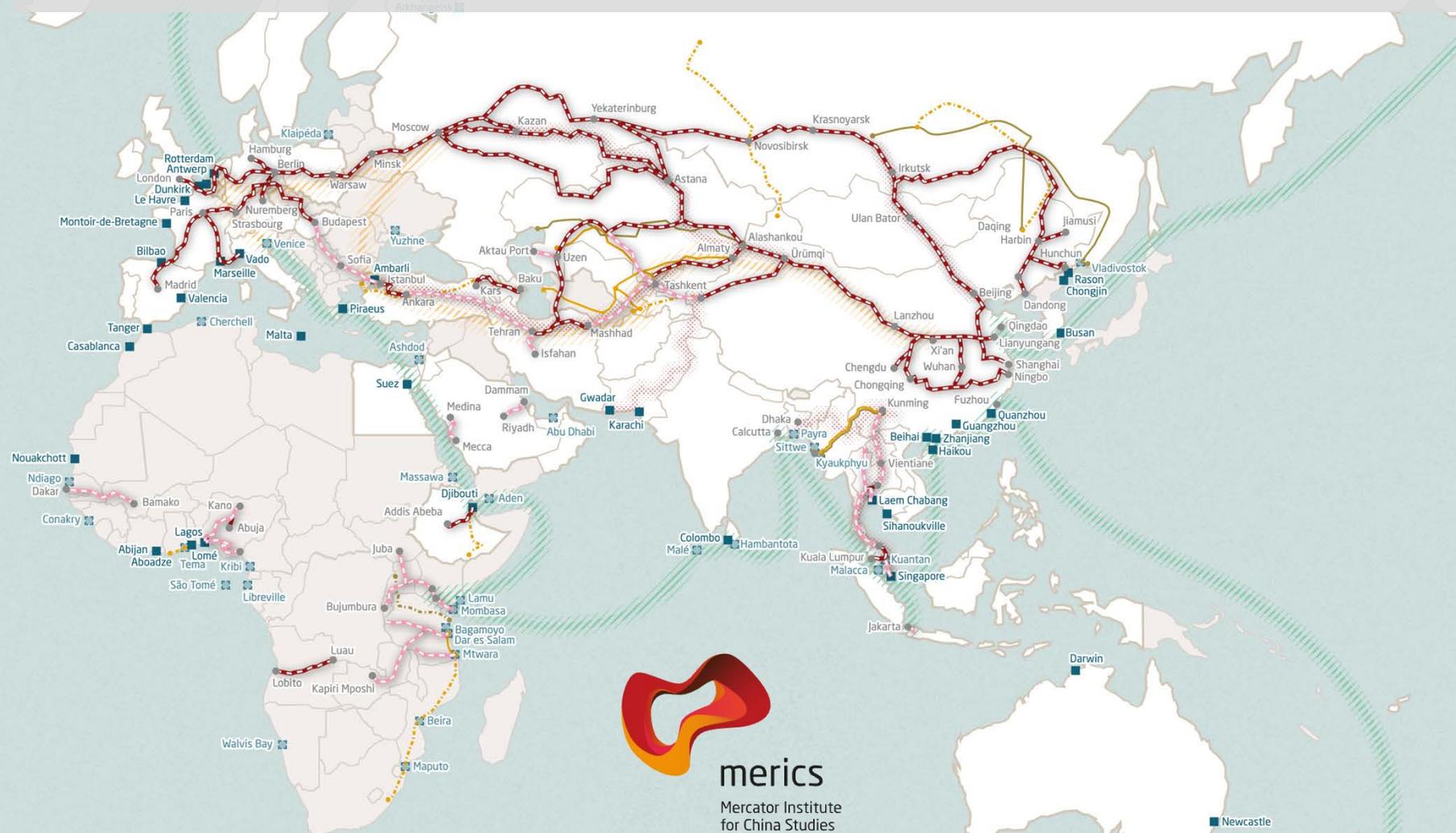
By 2030, Asia could represent 2/3
of the global middle class population.



BROOKINGS



What remains unchanged after COVID-19: Chinese continued overseas investment & diversification through BRI



| | | Existing | Planned |
|---|-------------------------|---|---|
|  | Railroads |  |  |
|  | Oil pipelines |  |  |
|  | Gas pipelines |  |  |
|  | Ports |  |  |
|  | Silk Road Economic Belt | |  |
|  | Maritime Silk Road | |  |
|  | Economic Corridor | |  |
|  | AIIB member states | |  |

What has changed due to the coronavirus?

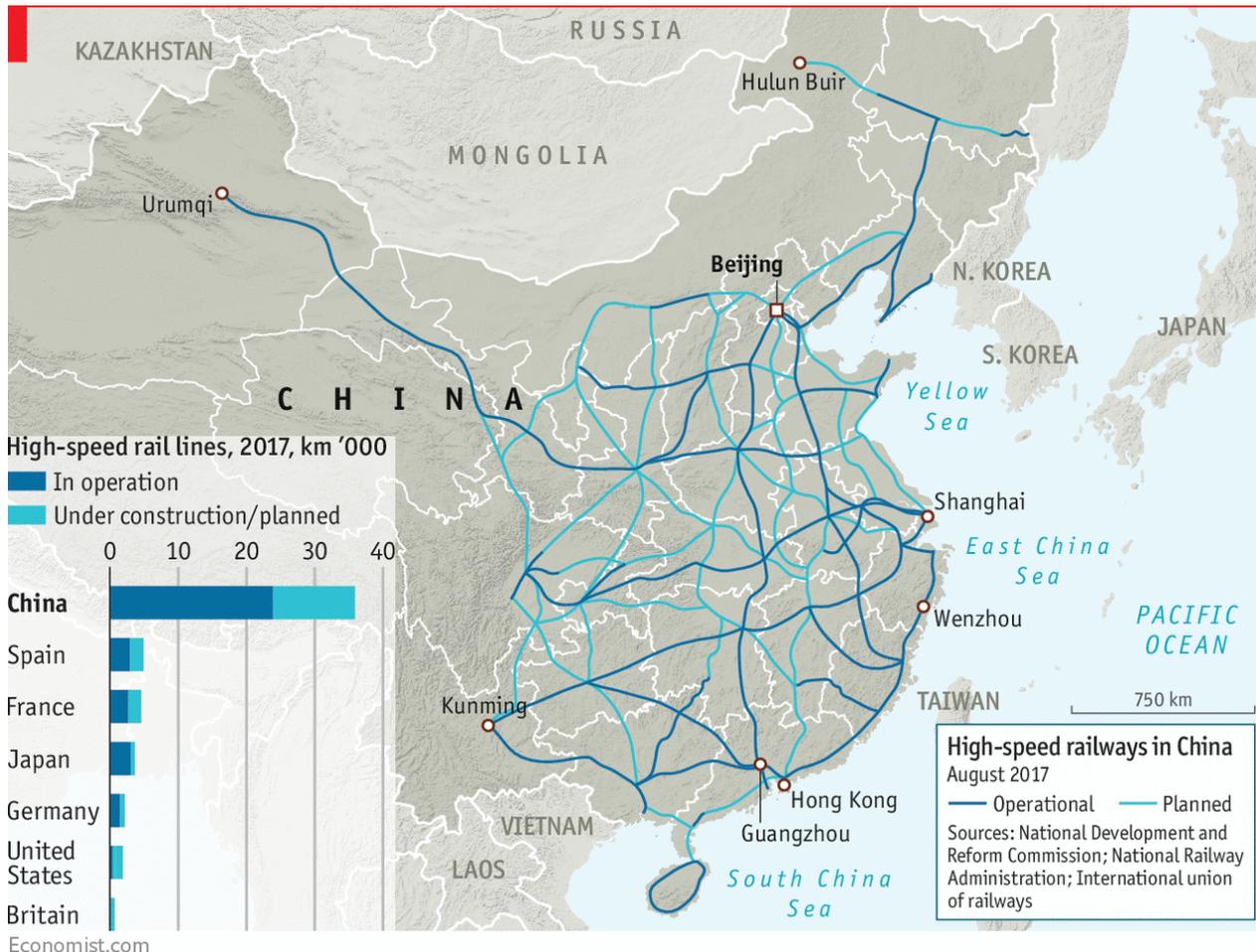
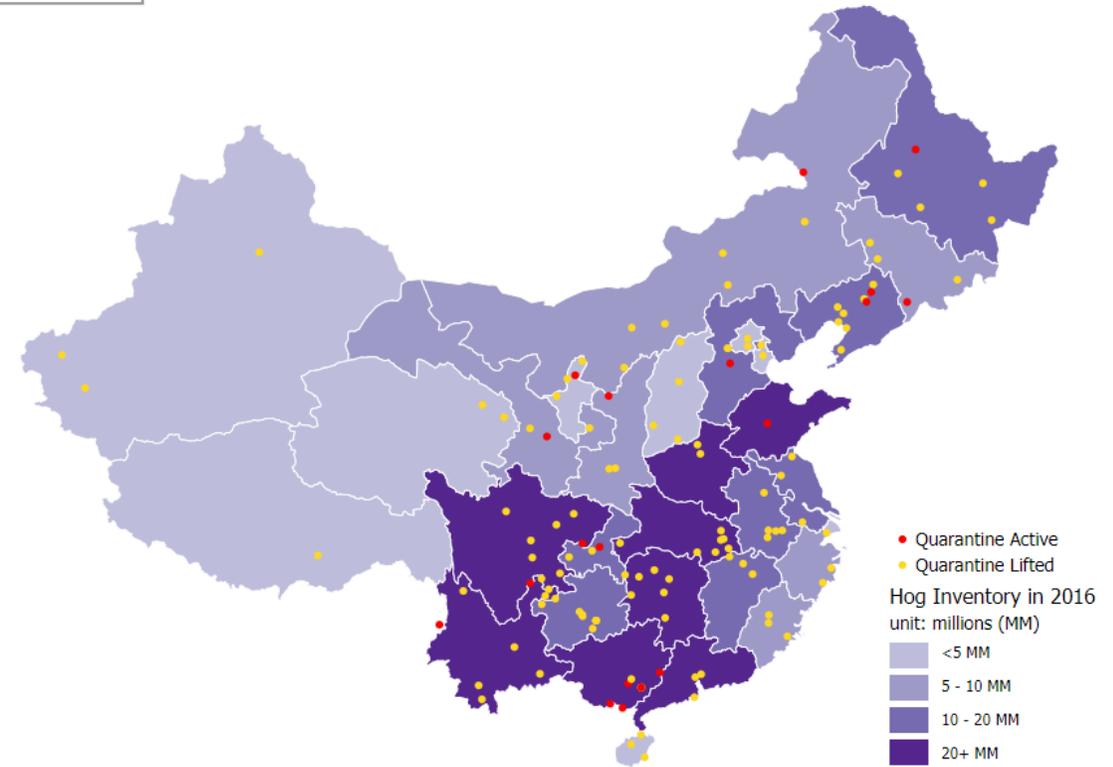
Chinese Livestock Industry Modernization

High Speed Rail & Social Governance



African Swine Fever Cases in China (Mainland)

Show All Cases Animation On off Map Base Data:



China's African Swine Fever Slowed, But is Far From Over

THE WALL STREET JOURNAL.

China Said African Swine Fever Was Stable. Then Cases Climbed Again.

Underreporting of disease that in 2019 killed about 25% of world's hogs is rampant, USDA says

By [Lucy Craymer](#)

April 28, 2020 7:00 am ET

HEALTH NEWS APRIL 21, 2020 / 6:17 AM / A MONTH AGO

China detects African swine fever in another pig truck



Cases reported by the Ministry of Agriculture and Rural Affairs had dwindled to just a couple per month by the end of last year, but 13 have been posted on the ministry's website since March.

All of the cases, apart from one found in wild boar, were in pigs being transported between provinces.

Dim Sums

点心数量

Bringing clarity to a murky Chinese economy

Sunday, May 24, 2020

Measures to Address ASF Risk to China's Pigs

A key measure is a plan to systematically test farms for ASF in order to establish a baseline for the prevalence of the virus in 498 major hog-producing counties. **Each province will test every swine farm producing 2000 head or more and a sample of farms producing 500-2000 head.**

<http://dimsums.blogspot.com/2020/05/measures-to-address-asf-risk-to-chinas.html>



Center for Agricultural and Rural Development

Changes in my hometown?

Greenhouse – plastic film - Shandong Province



In China, 500+ million consumers shop on mobile phones, even before the coronavirus

FINANCIAL TIMES

Yuval Noah Harari: the world after coronavirus

This storm will pass. But the choices we make now could change our lives for years to come

Yuval Noah Harari MARCH 20 2020

In this time of crisis, we face two particularly important choices. The first is between totalitarian surveillance and citizen empowerment. The second is between nationalist isolation and global solidarity.

<https://www.ft.com/content/19d90308-6858-11ea-a3c9-1fe6fedcca75>

Chinese Foreign Minister Accuses U.S. Politicians of Pushing for a 'New Cold War'

TIME

BY BLOOMBERG

MAY 25, 2020 3:01 AM EDT

Regretfully, in addition to the raging coronavirus, a political virus is also spreading in the United States. This political virus is using every opportunity to attack and smear China.

If you want to infringe upon China's sovereignty and dignity with indiscriminate litigation, and extort the fruits of the hard work of the Chinese people, I am afraid this is a daydream and you'll only humiliate yourself.

-Chinese Foreign Minister in Press Conference on May 24, 2020



Chinese Lesson Time

美国

中华民族伟大复兴

危机

Thank You!



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2019 ISU Land Value Survey

2019 ISU Land Value Survey
The 2019 ISU Land Value Survey shows a 2.3 percent increase in average Iowa farmland values from November 2018 to November 2019. The average statewide value of an acre of farmland is now estimated at \$7,432. This modest increase, which barely exceeds the pace of inflation, is the second rise over the past six years, but still represents a 15 percent decrease from the 2013 peak in nominal land values, or a 23 percent drop in inflation-adjusted values.

2017 Iowa Farmland Ownership & Tenure Survey Paper Copy Available for Order (\$5 Only)

The new, 60-page [2017 Iowa Farmland Ownership and Tenure Survey report](#) is available for order at the [Extension Store](#) for only \$5 each paper copy. This is a unique survey across the nation which provides statistically representative information on many aspects of land ownership, tenure and transitions in Iowa. For example, the survey finds that 60% of Iowa land is owned by people 65 years or older, 82% of Iowa land is owned free of debt, and 29% of all acres is primarily owned for family or sentimental reasons.

1. What are you interested in?

- 2019 ISU survey results
- find more land value data
- recent analysis & contact

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CARD is a center located within the College of Agriculture and Life Sciences at Iowa State University.

www.card.iastate.edu/farmland

China Ag Center · Publications

Wendong Zhang and Tao Xiong. 2020. "The coronavirus will delay agricultural export surges promised in trade deal with China." The Conversation.

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In our recent research on the impacts of the U.S.-China trade war on U.S. agriculture, we argue that China has the capability to make these purchases, despite delays and disruptions to supply chains and trade flows caused by the coronavirus. A resilient and recovering Chinese economy means the country can comply with the trade deal and potentially minimize damage to the U.S. economy from an ongoing trade war.

Chinese agriculture and related imports in 2017

In 2017, billions of dollars worth of Chinese products were imported to other countries.

| Product | United States | Other countries |
|---------------------------|---------------|-----------------|
| Soybeans | \$13.94B | \$25.61B |
| Forest products | \$1.07B | \$19.50B |
| Fish products | \$1.32B | \$16.79B |
| Fruit products | \$1.16B | \$2.91B |
| Cotton | \$0.99B | \$1.23B |
| Hides and skins | \$0.96B | \$1.88B |
| Coarse grains | \$0.96B | \$1.93B |
| Dairy products | \$0.62B | \$1.78B |
| Fresh fruit | \$0.39B | \$4.71B |
| Wheat | \$0.39B | \$0.64B |
| Processed fruit | \$0.14B | \$0.63B |
| Processed vegetables | \$0.13B | \$1.57B |
| Wine and beer | \$0.09B | \$2.27B |
| Beef products | \$0.09B | \$3.12B |
| Distilled spirits | \$0.02B | \$0.22B |
| Non-alcoholic beverages | \$0.02B | \$0.31B |
| Fresh vegetables | \$0B | \$0.61B |
| Ethanol | \$0B | \$0.01B |
| Soybean meal | \$0B | \$0.04B |
| Poultry, meat and produce | \$0B | \$1.03B |
| Rice | \$0B | \$1.83B |

Figure 1. Key US agricultural exports by commodity and country in 2017

Wendong Zhang. 2020. "US-China Phase 1 Trade Deal and US agriculture: A big win for farmers or too good to be true?" *Ag Decision Maker*. Iowa State University Extension and Outreach.

Almost two years after the start of the US-China trade war, leaders of both countries signed the highly anticipated Phase 1 trade deal on January 15, 2020. This is especially significant politically and symbolically because this deal represents the first time both countries made moves to actually reduce the tariff rate rather than escalate the situation. In the 88-page

www.card.iastate.edu/china