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Worries grow for US agricultural exporters amid new tarrifs
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Grain loading, Tacoma Washington Shutterstock

China seems to have learned from past tariff battles, which doesn't appear to be the case with the US. Will the US agricultural sector bear the brunt again?

As tensions rise between the US and China over trade policies, American agricultural exporters find themselves grappling with a shifting landscape. On March 4, China, which ranks as the top destination for US agricultural products, imposed 25% tariffs on US$21 billion worth of American agricultural products like soybeans, pork, beef, and cotton. This was in response to the Trump Administration's tariffs on imports from China which now total 20%.

While tariffs are nothing new, the strategy employed by China this time is markedly different, and it has many in the US agricultural sector on edge. Peter Friedmann, the founder and executive director of Agriculture Transportation Coalition (AgTC), expressed deep concern over the new tariffs in the latest Port Update with Mario Cordero, the CEO of the Port of Long Beach. "This is a very challenging time," he said. "We are very worried."

Friedmann explained that during the last round of tariffs, imposed six-seven years ago during Trump's first mandate, China retaliated, causing significant harm to US agricultural exports. This led the Trump Administration to provide billions of dollars in price support and subsidies to help farmers survive the loss of cargo, given the intense global competition for imports.

One major shift in China's approach to US policies this time around is its diversification of sources. Friedmann noted that China has learned from previous trade disruptions and now sources agricultural goods, including beef and pork, from multiple countries. Brazil, for example, has made significant inroads in supplying China with beef exports, offering both quality and quantity. This shift has reduced China's reliance on US exports, making the market even more competitive for US farmers.

"China was very clever in its tariffs this time. They have selected products where they have alternative sources—right, cotton, pork, beef, soybeans—all being hit by massive tariffs," he added.

AgTC members are already feeling the impact of the tariff implementation. While most of the products China announced tariffs on will be affected from March 10, some, like logs, which are transported in containers, are facing immediate hurdles due to the tariffs taking effect right away. Friedmann pointed out that he had AgTC members call him whose containers of logs were being loaded onto ships heading to China, only to have the Chinese government announce that it would no longer accept these shipments, effective immediately. This disruption has left some of its members scrambling to find new markets or alternatives for their products.

Given the long-term concerns for US agriculture, the AgTC has been on a diplomatic offensive, speaking with politicians in Washington to protect the interests of American agricultural exporters. The coalition has been in contact with senators from states that traditionally support the agricultural industry, such as those in the Midwest, to increase pressure on the White House to intervene. Friedmann and his colleagues are also worried about the broader impact of tariffs. "This is not just a short-term issue; this could persist for a long time," he said. The coalition is also actively seeking new markets for US agricultural products to try to offset the impact of the trade war with China.

Commenting on the USTR's proposal to levy a fee of US$1.5m per port entry on Chinese vessels, Friedmann called the move a "self-inflicted wound." He argued that rather than targeting foreign competitors, the policy risks undermining US businesses.

Moving forward, the key priorities for the US to bolster agricultural exports should be cutting transportation costs, enhancing inland loading ports, and improving rail and highway connections, he said. Expanding efficient export terminals—like those at the Port of Long Beach—across the country could lower costs and strengthen market access. He also underscored the urgency of investing in faster logistics for perishable goods, noting that delays can slash their value by 70%.