**U.S.-China Agricultural Trade**

**Trade Snapshot**

- China is the largest market for U.S. agricultural exports, valued at $21.4 billion in 2016. Agriculture-related products (e.g., ethanol, fish, and forest products) represent an additional $3.8 billion in U.S. exports.

- The United States is China’s top agricultural supplier.

- U.S. agricultural exports to China support approximately 162,000 U.S. jobs.

**Chinese Consumer Preferences**

- **Food safety**: Consumers will pay a premium for imported food because they believe it is safe, healthy, and of high quality.

- **Nutritional value**: Chinese media is saturated with ads and stories extolling the health benefits of food and beverages.

- **Attractive packaging**: Chinese consumers will pay a premium for exquisitely packaged products, particularly auspicious colors such as red and gold.

- **Branding**: Chinese national and provincial authorities seek to develop national brands to boost the reputation of domestic products compared to well-known international brands.

- **International**: Consumers equate imported products with a better lifestyle.

- **Prestige**: Consumers buy premium products not just for themselves but also as gifts.

- **E-Commerce**: With more than 700 million smartphone users, China is the largest e-Commerce market in the world, and many food products are sold through this channel.

**Top 10 U.S. AG Exports to China (2016)**

1. Soybeans ($14.2 billion)
2. Sorghum ($1 billion)
3. Hides & Skins ($948 million)
4. Pork & Pork Products ($713 million)
5. Cotton ($553 million)
6. Distillers Grains ($470 million)
7. Other Intermediate Products* ($426 million)
8. Dairy Products ($386 million)
9. Feed & Fodders** ($379 million)
10. Hay ($355 million)

* Flavorings, proteins, food additives, saps, malt, starches, essential oils, yeasts, etc.
** Corn bran, mixed feeds for retail, cubed alfalfa, prepared poultry feeds, etc.

**China is the #1 Market for these U.S. Agricultural Exports**

<table>
<thead>
<tr>
<th>Commodity</th>
<th>$ Value (2016)</th>
<th>% of Total U.S. Exports</th>
<th>U.S. Share of Chinese Market</th>
</tr>
</thead>
<tbody>
<tr>
<td>Soybeans</td>
<td>$14.2 B</td>
<td>62%</td>
<td>40%</td>
</tr>
<tr>
<td>Sorghum</td>
<td>$1 B</td>
<td>79%</td>
<td>88%</td>
</tr>
<tr>
<td>Hides &amp; Skins</td>
<td>$948 M</td>
<td>49%</td>
<td>32%</td>
</tr>
<tr>
<td>Distillers Grains</td>
<td>$470 M</td>
<td>23%</td>
<td>100%</td>
</tr>
<tr>
<td>Pork Offal</td>
<td>$245 M</td>
<td>34%</td>
<td>38%</td>
</tr>
<tr>
<td>Peanuts</td>
<td>$172 M</td>
<td>25%</td>
<td>50%</td>
</tr>
<tr>
<td>Whey</td>
<td>$169 M</td>
<td>30%</td>
<td>42%</td>
</tr>
<tr>
<td>Hog Sausage Casings</td>
<td>$137 M</td>
<td>66%</td>
<td>25%</td>
</tr>
<tr>
<td>Corn Bran</td>
<td>$132 M</td>
<td>65%</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: U.S. Census Bureau Trade Data, USDA/GATS & IHS Markit Inc.

**Hong Kong and Macau**

Hong Kong and Macau are autonomous customs entities, so U.S. exports to these territories are counted separately from Mainland China. In 2016, the United States exported over $4 billion worth of food and agricultural products to Hong Kong, making it our 7th largest agricultural export market.
U.S. Agricultural Trade with China 2002-2016

The recent change in U.S. exports is due to:
- Falling prices for U.S. export commodities
- China’s ban on U.S. poultry and barriers to grains, cotton, and other products

China Macroeconomics (2016)

- Population: 1.38 billion and growing; largest in the world*
- GDP (PPP): $21.3 trillion (in 2016); largest in the world
- Per capita income: $15,400 (in 2016), with a growing middle class
- Agriculture:
  - 8.6% of GDP
  - 28.3% of workforce
  - World leader in gross value of agricultural output for rice, wheat, potatoes, corn, tobacco, peanuts, tea, apples, cotton, pork, mutton, eggs, fish and shrimp

Major Competitors and Free Trade Agreements

- China is negotiating with 15 other economies in the Asia Pacific region to form the Regional Comprehensive Economic Partnership (RCEP), which is viewed as an alternative to the Trans-Pacific Partnership (TPP). The United States, which withdrew from TPP negotiations in 2017, is not a party to the RCEP negotiations.
- China has a robust program of FTAs in development and existing FTAs with ASEAN, Australia, Singapore, South Korea, Maldives, Pakistan, New Zealand, Chile, Peru, Costa Rica, Iceland, Switzerland, Georgia, Hong Kong, Macao, and Taiwan.
- China’s One Belt, One Road infrastructure development initiative enhances its influence and economic reach in more than 60 countries in Asia, the Middle East, and Europe, reducing its dependence on the United States.

Trade Barriers

- China erects many barriers to U.S. agricultural exports, including through the use of domestic subsidies and tariff-rate quotas.
- China uses various SPS and TBT measures that slow or block U.S. beef, pork, poultry, corn, rice, biotech and other products.