

Cultivating Opportunity: The Benefits of Increased U.S.-China Agricultural Trade



As the world's two largest economies, the United States and China contribute substantially to the prosperity and stability of the global economy. Together, the two countries account for approximately one-third of the world's GDP, one-third of the world's outward foreign direct investment, and one-sixth of world exports of agricultural products.

Two-way agricultural trade has grown consistently over the last decade, reaching **\$35.6 billion in 2015**, and is expected to continue to grow, **with cumulative gains over 2016-2025 forecast at \$71.2 billion.**

Despite large two-way trade volumes and consistent growth, a variety of tariff and behind-the-border barriers persist in both countries, leaving significant agricultural export opportunities unrealized. Restrictions include:

- behind-the-border barriers such as China's asynchronous, slow, and unpredictable approval processes for agricultural biotechnology products, and discriminatory treatment for foreign animal vaccines;
- China's tariff-rate quotas (TRQs) for corn, rice, wheat, and sugar, and high tariffs for some products;
- subsidies for domestic machinery products in China; and
- anti-dumping and countervailing duties imposed by both countries.

The U.S. Chamber of Commerce partnered with Informa Economics to study the effects of these barriers on two-way agricultural trade.

The study found that resolving these and other barriers to trade between the United States and China would unlock additional cumulative gains of **\$28.1 billion in agricultural sector products over 2016-2025.**

The United States would realize gains of \$17.6 billion, a 39% increase over baseline projections.





Our Recommendations:

To realize these gains, the U.S. Chamber of Commerce would like to see the governments of both countries use the analysis and recommendations in this report as a framework to accelerate cooperative efforts, and craft and implement policies which will allow the two economies to realize the substantial opportunities that increased agricultural trade can provide.

For China, the following policy reforms would help meet increased food demands overall, as well as rapidly growing desire for high-quality products as urbanization rates and incomes continue to rise:

- adherence to **timely, predictable, and science-based approaches for approvals of agricultural biotechnology** and **equitable treatment for foreign animal vaccine products and imports**, to ensure consumer confidence and avoid unnecessary trade disruptions;
- implementation of **improved animal health management with veterinary pharmaceuticals and vaccines** to prevent and control animal diseases and increase access to quality meat products;
- increased **transparency for existing TRQ allocations for commodities**, and ensuring that they are large enough to be commercially viable; and
- **elimination of subsidies for domestic farm machinery, or making these subsidies available to foreign brands**, encouraging the use of the latest equipment and increasing food production through advanced farm mechanization.

While the United States has a relatively open market to Chinese agricultural products, imports from China have significant opportunity for growth. The United States must **maintain its openness and refrain from implementing unnecessary regulatory burdens**, while maintaining product safety.

