
U.S. -China Trade

Issue:

The U.S. and China signed a ‘Phase 1’ trade agreement on January 15, 2020. China, over the next two years, agrees to purchase more U.S. agricultural products, up to \$40 billion annually.

The U.S. will maintain the current 25% tariffs on \$250 billion of Chinese imports and reduce, from 15% to 7.5%, the tariffs on a separate \$120 billion of Chinese imports. The U.S. also did not impose tariffs on \$160 billion of Chinese goods imports that were scheduled for December 15, 2019. This agreement does not include issues of steel production, technology transfer and treatment of U.S. businesses in China, which will be the subjects for future negotiations.

Background:

According to the agreement China will increase purchases of all types of U.S. goods and services by \$200 billion annually. Beginning in February 2018, the U.S. has imposed tariffs on \$360 billion of goods from China. China has responded with increased tariffs on \$110 billion of goods, including the various increased tariffs on all agricultural imports from the U.S.

Chinese imports of U.S. agricultural goods were \$21.8 billion in 2017, \$16.2 billion in FY 2018 and \$10.1 billion in FY2019.

Status:

The U.S.-China Trade Agreement Phase 1 will take effect on February 14, 2020.

AFBF Policy:

Farm Bureau supports improved trade relations with China by the reduction of tariffs, the removal on non-tariff barriers and the commitment for purchases.

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