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Soy Growers, Still Bruised by 2018 Trade War, Talk China Before House Ag

American Soybean Association President Josh Gackle Invited to Testify on Soy's Perspective

Washington, D.C. March 20, 2024. For U.S. soybean farmers, the trade war with China that began more than five years ago does not seem so distant—especially with tit-for-tat tariffs levied during that time technically still in place. **Josh Gackle**, who grows soybeans in North Dakota, was invited to testify before the U.S. House of Representatives' Committee on Agriculture during a March 20 hearing entitled "The Danger China Poses to American Agriculture." Gackle is the current American Soybean Association (ASA) president and was a board member during that time; he represented fellow industry members in sharing the stakes for soy if trade relations with China are not delicately maintained.



Gackle Testified Before House Ag Committee March 20

Gackle cited two distinct considerations the House Agriculture Committee and Congress must weigh as they discuss the complex relationship the nation has with China, saying, "There is a geopolitical relationship that affects national security and includes issues such as data privacy, human rights, and intellectual property; and there is the economic, commercial trading relationship. Our strong appeal is that careful consideration be given to maintain, rather than alienate, the economic relationship when discussions move forward in addressing geopolitical and other significant issues."

Soybeans are the country's #1 agriculture export: In marketing year 2022/2023, the U.S. soybean export value totaled approximately \$32.6 billion. China accounted for more than \$18.8 billion, with the next destination trailing at around \$3.3 billion. China's demand for soybeans accounts for more than 60% of global soy imports, with one in three rows of soybeans grown in the U.S. destined for China.

In the summer of 2018, soybeans were the prime casualty when the U.S. imposed tariffs on Chinese imports. China quickly responded with retaliatory tariffs including on U.S. soybeans, a move that essentially halted soy exports to the country overnight. Gackle explained the industry experienced not only an instant loss in market share in its largest export market but also an immediate price drop of two dollars per bushel. USDA's Economic Research Service issued a report showing a 76% reduction

in the value of U.S. exports to China from 2017 to 2018 and estimating the trade war cost U.S. agriculture over \$27 billion: Soybeans accounted for 71% of those annualized losses.

ASA and its farmer leaders had worked 40 years to develop the China market from the ground up; tariffs that reached up to 27.5% during the height of the trade war immediately strained those relationships, altered global soy trade by opening the door for competitor countries—namely Brazil—to claim market share, and placed a reliance on short-term aid. Shipments have since resumed through a tariff exclusion mechanism included in the China Phase One Agreement signed Jan. 2020, but the waiver process that reset tariffs back to pre-trade war levels could be suspended by China any time.

“This environment (ambiguity of waiver procedure), anti-China rhetoric from Congress, the continued threat of tariffs from both the U.S. and China, and the lack of a roadmap for long-term resolution of these challenges combine to increase uncertainty for U.S. farmers and exporters. There is substantial risk that more unanticipated tariff action will undermine investments, export prices, and farm income,” Gackle testified. He explained that U.S. soy’s reputation as a reliable source of soy and soy products (meal, oil) in global markets also was shaken by the trade war.

The North Dakota soy farmer said in his testimony there is one point he cannot emphasize enough: “Even as the United States considers actions to protect our national security interests, we must also maintain and protect our economic and trade interests as well. Soybean growers need predictability and certainty that we will retain market access in China.”

ASA made specific policy recommendations that Gackle shared with the committee, including the following, details of which can be read in his **full testimony** [here](#):

1. Rejecting legislative attempts to repeal or modify China’s Permanent Normal Trade Relations (PNTR) status.
2. Passing a comprehensive farm bill in 2024 that meets the needs of U.S. agriculture.
3. Exercising congressional oversight authority to press the administration to reengage in negotiations for bilateral and multilateral free trade agreements (FTA).

Testimony from the soy representative concluded with Gackle stating, “The scars of the 2018 trade war are still fresh—and ongoing—for our farmers. Market access is one of the most important issues for U.S. soy, and we need certainty that access to our largest trading partner will remain, despite ongoing geopolitical issues.”

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The American Soybean Association (ASA) represents U.S. soybean farmers on domestic and international policy issues important to the soybean industry. ASA has 26 affiliated state associations representing 30 soybean-producing states and more than 500,000 soybean farmers. More information at soygrowers.com.

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