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American Soybean Association

Soy Farmers Pleased with Administration's China Tariff Pause & Rate Drop:

Big Opportunity to Negotiate Phase 2 & Keep Soy Export Market Safe

Washington, D.C. May 12, 2025. **America's soybean farmers welcomed early-hour news in the States that U.S. and Chinese officials have come to an agreement that temporarily reduces tariffs levied by the countries on exported products, including U.S. soy. The pause will be in effect 90 days while negotiations continue. Farmers across the soy-producing states are hopeful that during this time, a long-term Phase 2 agreement can be reached that addresses Chinese tariff and non-tariff barriers to trade.**

Caleb Ragland, American Soybean Association president and a farmer who grows soy in Kentucky, said, "We are very pleased with these first steps toward resolution and appreciate that President Trump has heard our requests to quickly come to the negotiation table for agriculture producers and others who stand to suffer financial losses and lose hard-earned relationships. Farmers want to play their part in supporting broad-based, long-term solutions to the administration's concerns and help our fellow U.S. citizens when possible; but we cannot sustain tariffs that are exponentially higher than those of the first China trade war, which knocked out our largest export market overnight, if they linger into our fall harvest season. We hope that a deal can be reached in which China commits to robust purchases of U.S. soybeans and other products very soon."

A joint statement from the two countries explained the U.S. will reduce reciprocal tariffs on Chinese goods to 10% which, combined with a 20% duty on China regarding fentanyl, places Chinese imports at a minimum rate of 30%. China, in return, reduced its retaliatory tariffs on U.S. goods to 10% and agreed to remove any non-tariff trade barriers and restrictions imposed on U.S. products following "Liberation Day" April 2 when Trump announced his reciprocal tariff plan.

"This is a big development and one we are very pleased to hear, yet the tariff that remains in place for U.S. soy is far from inconsequential: Products purchased from our competitors in Brazil and Argentina are not burdened with this extra cost. That means China will turn to South America first for its purchases and only buy U.S. soybeans when it absolutely must," Ragland said. "Also important to note, the 90-day pause will end in August—right before our harvest season. We need the administration to continue its negotiations with China to find a long-term, sustainable solution that removes retaliatory tariffs and protects market access for our agricultural products."

In the most recent marketing year, U.S. exporters shipped 46.1 million metric tons of soybeans to foreign markets, accounting for over $24 billion in sales. Of those exports, nearly 25 MMT of soybeans went to China. That volume represents 54% of U.S. soybean exports and accounts for $13 billion in value for U.S. soybean farmers.

While the soy industry works incessantly to seek new and develop existing markets for both whole beans like those imported by China and for soy oil and meal use, it is a slow process that can take years. The China market was started in the 1980s and took more than 40 years to fully establish. Those relationships are critical, as is the ability of U.S. soy farmers to supply them with high-quality U.S. soy on a *consistent* basis.

U.S. soy's relations with China are still encumbered by damage done in 2018/19. The industry looks to the administration to help repair and retain its relationships with key markets such as China in the weeks ahead through fruitful negotiations.

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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 nearly 500,000 soybean farmers. More information at soygrowers.com.

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