

C-FARE Newsletter May 2021

Market Corner

In 2020, U.S. agricultural exports reached a record \$150 billion. This was, in part, driven by record exports to China which could be attributed to the Phase One Trade Agreement where China has agreed to import at least \$80 billion dollars in U.S. agricultural exports over a two-year period (2020-2021).



The Phase One Trade Agreement did not address the escalating tariffs between the U.S. and China as a result of the trade war, but through leveraged power as opposed to rules-based multilateralism, it resulted in one-sided aspirational purchasing targets for the Chinese government to satisfy. Interestingly, this very agreement further mobilizes China's state-owned enterprises, which are needed for China is to satisfy its purchasing commitments, even as China's use of state-owned enterprises remains a contentious trade issue. Needless to say, the structure of the Phase One Trade Deal reflected President Trump's "America First" approach to trade policy, which has been a hallmark of the last four years.

The Trump Administration argued that past trade agreements have been disastrous for the U.S. Consequently, President Trump spurned multilateralism in favor of a bilateral approach to trade policy, often with the stated goal of narrowing bilateral trade deficits. While those familiar with trade or macroeconomic policy realized that the existence of bilateral trade deficits does not necessarily reflect the "quality" of an affiliated trade agreement, there was a certain populace appeal to this type of rhetoric. That said, "America First" trade policy resulted in increased global tensions, policy uncertainty, and an ongoing trade war with major partners such as China and the EU.

The experiences of the last four years raise important issues for President Biden and his administration. Clearly, the new President has an opportunity to recalibrate American participation in international trade and signal to the world that the U.S. is back in the global engagement arena, which would be a stark contrast to the previous administration. This would likely involve a less adversarial posture with the World Trade Organization and some acceptance of environmental and climate-based trade policies. President Biden may even want to consider rejoining the Trans-Pacific Partnership (TPP) or Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) as it is now called.

How should the Biden Administration proceed? Did President Trump create a new normal? Given the current political climate, is a reversal or reset even possible?

To further our understanding of these issues, the Council on Food, Agriculture, and Resource Economics (C-FARE) and The National Coalition for Food and Agricultural Research are co-hosting a free virtual panel of trade experts addressing these very issues: Join us for [Trade](#)

[Policy under the New Administration on May 21st at 12 pm](#) (EDT). Given what's at stake, this will definitely be an informative and impactful event.

Andrew Muhammad, University Of Tennessee

Global Trade Policy Under The New Administration

The National Coalition for Food and Agricultural Research is hosting a [FREE online panel](#), co-hosted with the Council on Food, Agriculture, and Resource Economics (C-FARE) on [May 21st at 12 pm](#) EDT. [More info here.](#)

Director Spotlight

Dr. Luis A. Ribera (lribera@tamu.edu) is a Professor and Extension Economist in the Department of Agricultural Economics at Texas A&M University.

He is also the Director of the Center for North American Studies and serves as the Program Director for International Projects with the Agricultural and Food Policy Center.

Interests: Studying and analyzing International trade, transportation, economic impacts, and risk analysis.

Impact: Dr. Ribera is a vocal advocate for increased exports from the United States to Cuba and testified to the U.S. House of Representatives during the Hearing on American Agricultural Trade with Cuba in 2016 and stated the following:

“In general, we find that exports create jobs, and exports to Cuba are no exception. For every \$73,600 in U.S. food and agricultural exports to Cuba, one job is created in the United States, along with another \$170,000 in economic activity to support those additional exports.” [Dr. Ribera's full testimony on exports to Cuba is available here.](#)

Recent Work: In 2020, Dr. Ribera focused his work on agricultural trade issues and their impact on exports from the Western United States. [This study is available for FREE here.](#) This study was published in the Western Economics Forum Journal.



New Directions

Has Covid-19 Caused a Great Trade Collapse? The Office of the Chief Economist recently released a study that suggests that short-term economic indicators are symptomatic of a major economic contraction in the United States due to the pandemic not seen since the Great Depression (Orden, 2020). Unemployment burgeoned in just a few weeks from less than 5% to nearly 15% as firms laid off or furloughed workers. [Full Study is available here.](#)

The Impact of Protecting EU Geographical Indications in Trade Agreements. The European Union protects over 1,000 Geographical Indications for distinctive regional foods such as Parma ham and Feta cheese. This paper tests whether external protection of Geographical Indications through trade agreements has increased exports of European Union Geographical Indications. The answer matters for trade policy, because geographical indications have been a red line in recent trade negotiations. [Full Study is Available Here.](#)

The Pass-Through of a Tax on Sugar-Sweetened Beverages in Boulder, Colorado. This paper estimates the pass-through of the largest tax on sugar-sweetened beverages enacted in the U.S., which is two cents per ounce in Boulder, Colorado. A strength of the paper is that to achieve as complete a perspective as possible, we estimate the pass-through of the tax not only to beverage prices in retail stores but also to those in restaurants. [Full Study is available here.](#)