

C-FARE Newsletter September 2021

Market Corner

In 2018, several major trading partners placed retaliatory tariffs on U.S. agricultural exports in response to U.S.-initiated tariffs on washing machines, solar panels, steel, aluminum, and a range of Chinese products. U.S. soybean exports were easily the foremost target of agriculturally-directed trade retaliation, accounting for nearly half of the total trade war retaliation, and were directed by China, historically the United States' main soybean export destination. China substituted Brazilian for U.S. soybeans; its purchases from South America spiked following the imposition of its retaliatory tariffs.

In response to the retaliatory tariffs directed towards American agriculture, the U.S. federal government implemented a "trade aid" package to reimburse farmers for the damages they would face due to the market disruption. The central program in the package, the Market Facilitation Program (MFP) provided direct payments to the producers of affected commodities, paid over two years under two different structures. Although actual payments to producers varied based on county-level differences, USDA's nominal calculation of the commodity-specific payment rate for soybeans under MFP totaled \$3.70 for two bushels produced over the course of two years.



In a [forthcoming article in Food Policy](#), my co-authors and I use a retrospective time series technique to estimate that China's trade retaliation depressed the price of U.S. soybeans for Gulf export by \$0.74/bu for the five-month period from late-June through late-November, 2018, a significantly smaller value than the aggregate nominal soybean payment rate calculated under the MFP. By December of 2018, U.S. prices returned to their normally-observed levels relative to Brazil as the soybean market adjusted to the shift in worldwide trade patterns. In aggregate, we project that USDA's near-\$8.5 billion in trade aid to U.S. soybean producers exceeded the tariff damage to the value of the U.S. soybean crop by about \$5.4 billion. This difference may be rationalized under USDA's broader definition of economic injury than the short-run price impact of the trade war; indeed, the trade war and uncertainties over trade policy are likely to carry detrimental long-term implications including discouraging domestic investment, harming U.S. soybean competitiveness relative to competitors, and damaging U.S. credibility as a trading partner. Still, our findings highlight how complicated it is to rapidly establish *ad hoc* programs to remunerate producers for trade damage.

See this forthcoming article for more information:

Adjemian, M.K., A. Smith, and W. He. [“Estimating the Market Effect of a Trade War: The Case of Soybean Tariffs.”](#) Forthcoming in Food Policy.

Michael Adjemian, C-FARE Board Member, University of Georgia

Emerging Issues in Child Nutrition Reauthorization

Join us for [Emerging Issues in Child Nutrition Reauthorization](#) on **September 27th at 12 pm (EDT)**.

For more information on our webinar series visit our [webpage!](#)

Up and Coming Director Spotlight



Raymon Shange is Associate Dean for Cooperative Extension, and also directs the Carver Integrative Sustainability Center at Tuskegee University.

INTERESTS Integrative approaches to sustainable food and environmental systems: Social Justice for BIPOC farmers and communities, emergent technologies for limited resource producers and communities, environmental health and justice.

WHY TU? Legacy. The Roots of Cooperative Extension as well as the Sustainability Movement are laid here with the foundation built by Booker T. Washington and George Washington Carver. It's a part of the "DNA" of the institution and community.

HOT STOCK I am working with a multidisciplinary team of 1890s Extension and Research professionals that are devising strategies for climate resilience for small, limited resource, and vulnerable communities (and farms). Areas of focus include social justice, water & soil resources, and policy implications. This work is being supported by the Association of Research Directors, Association of Extension Administrators, and the 1890s Center of Excellence for Food and Farming Systems, Environmental Sustainability, and Rural Prosperity.

WATCHWORD 2022 Justice. Whether environmental-, social-, food-, or climate-; justice is becoming a larger part of the discussions that we are having academically, publicly, and politically.

Raymon Shange, C-FARE Board Member, Tuskegee University

New Directions

Is Childhood Obesity the root of Low Economic Mobility? Jin, Fan and Zhang find that childhood obesity caused a significant reduction in household income and a lower likelihood of living in a high-opportunity Census tract in adulthood. Childhood obesity also made it harder to move up from parental income ranks and improve economic mobility in adulthood. The results suggest that early intervention against childhood obesity could have a long-lasting effect and improve economic mobility in adulthood. [View related studies here.](#)

[**Emergency Food Provision for Children and Families during the COVID-19 Pandemic: Examples from Five U.S. Cities.**](#) As lockdown and school closure policies were implemented in response to the coronavirus, the federal government provided funding and relaxed its rules to support emergency food provision, but not guidance on best practices for effectiveness. Accordingly, cities developed a diverse patchwork of emergency feeding programs.

[**USDA Special Supplemental Nutrition Program for Women, Infants and Children \(WIC\) Vendor Criteria: An Examination of US Administrative Agency Variations.**](#) A 2021 **USDA** report argues that the selection and authorization criteria used to authorize WIC vendors varies widely from state to state. Vendor selection and authorization criteria varied across WIC agencies without any consistent pattern. The wide variations in criteria and policies raise questions about the rationale for inconsistency.