

China deploys army of farmers in tit-for-tat trade war with U.S.

By Eric Baculinao

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Beijing is the biggest buyer of U.S. soybeans, importing some \$14 billion last year — or about two-thirds of American farm exports to China.



BEIJING — From his farm in northeastern China's Happiness Village, Rao Guihe admitted he knows little about President Donald Trump.

But as of Friday, he had Trump to thank for an unexpected boost to his income after being thrust to the [front line of a trade war](#) between the two countries.



Rao Guihe's soybean farm in Happiness Village, China. Rao Guihe

China is aiming to boost domestic production of soybeans by calling on its vast army of farmers to expand soybean acreage and offering greater subsidies to growers such as Rao. It is also diversifying imports away from America.

Since China opened up its economy to global trade in 2001, it has taken advantage of cheap imports of soybeans from the U.S. and other countries.

But after the U.S. hiked tariffs on an initial batch of \$34 billion of Chinese goods on Friday, China retaliated with matching tariffs on an equal amount of U.S. imports — including soybeans.

Analysts say the crop was chosen because of the political pain it can cause [Trump supporters in his political heartland](#).

China recently also announced zero tariffs on soybeans from India, Bangladesh and other Asian countries.

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Bottles are filled with soybean oil made from the U.S. imported soybeans on a production line at a plant in Qufu, China, on July 4. Jason Lee / Reuters

"Take a day without meat, but not a day without beans" is a well-known Chinese saying, and cheap U.S. soybeans are processed into products from cooking oil to pig feed. China is home to half of the world's pigs.

"Sometimes, I think a trade war with the U.S. is a mistake, but it will be nice if the government is willing to subsidize us — the more, the better," Rao, 46, told NBC News.

His cooperative of seven farmers has shifted most of its 2,400 acres of land to soybeans in response to the government's appeal.

"Our farmers really hope that China will import less soybeans so that domestic soybean production and soybean-related businesses will flourish," said Yang Guiyun, the sales manager of an agricultural company in Bayan County in Heilongjiang Province, an area that is China's largest soybean producer.

A key part of China's new "great food strategy," as analyst Zhengyuan Bo described it, is to boost domestic production.



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As part of the plan, China aims to add 1.6 million acres to its existing soybean acreage of 21 million. The government is also offering subsidies ranging from \$190

to \$320 per acre, compared to \$150 previously. Local media reports have described the drive as a “political priority.”

Harbin-based agricultural manager Cao Guangxing said that the market price of soybeans has been kept low by imports, meaning many farmers have focused on other crops. “Without subsidy, we won’t grow soybeans,” Cao added.

Rao, the farmer, singled out American produce. “It’s the genetically modified U.S. soybeans that are depressing prices,” he said.

Wang Erda, a professor at the Dalian University of Technology who has researched agricultural economics in U.S. farming states, said that it was important for China to boost its “self-reliance and develop other sources of imports.”

“China has no choice but to play hard ball, too,” he added.