

Berkeley Center for Law, Business and the Economy University of California, Berkeley School of Law 2850 Telegraph Ave, Suite 500 Berkeley, CA 94705-7220

Ph: 510.642.0532 – Fax: 510.643.7095 E-mail: <u>BCLBE@law.berkeley.edu</u> http://www.law.berkeley.edu/bclbe.htm

China's Trade Investigation Takes Aim at Trump's Voter Base By Nathan Shi, J.D. Candidate 2019 | February 11, 2018

Trade disputes between two of the world's largest economic powerhouses, China and the U.S., escalated, as China has opened an anti-dumping and anti-subsidy investigation into <u>sorghum</u> imports from the United States. Chinese Foreign Ministry spokesman Geng Shuang said the issue was an "individual, normal trade remedy investigation case." The decision, announced by China's Commerce Ministry, could lead to steep tariffs on sorghum – a <u>seemingly direct</u> response to President Trump's <u>announcement</u> of steep tariffs on imports of washing machines and solar energy cells and panels. That announcement sought to promote the President's "<u>America First</u>" agenda, which seeks to protect manufacturers in the United States, and create new jobs on American soil. As such, it is not surprising that China has chosen to target Trump's base in the agricultural industry.

Sorghum is used in China mainly for two purposes: to feed livestock, and to create baijiu, a clear, liquor. Nearly <u>eighty percent</u> of U.S. exports of Sorghum go to China, accounting for <u>nearly all</u> of China's imports of the grain last year, according to Chinese customs data. Chad Brown, a senior fellow at the Peterson Institute for International Economics believes that although sorghum farmers would suffer, the broader U.S. economy would not. The true fear stems from more economically important sectors, such as soybeans, which saw fourteen billion dollars' worth of exports to China in 2017. Soybean exporters are a powerful constituency for the President, and could apply ample political pressure if their livelihood is at stake. The sorghum industry has already <u>mobilized</u>, stating they are "prepared to participate fully in the investigations in cooperation with other sorghum industry participants."

This is not the first-time China has put its foot down in response to U.S. tariffs. In 2009, then-President <u>Obama</u> imposed a thirty-five percent tariff on Chinese tires. China responded by imposing penalties on U.S. shipments of chicken parts, costing American chicken farmers roughly one billion dollars in sales. Despite the aggressive stances from both the U.S. and China, Li Qiang, chief consultant at Shanghai JC Intelligence Company, an agriculture consultancy, believes that China is still "exercising restraint," and that it "still believes there's room for negotiation."