

August 14, 2018

## **“Impact of Tariffs on Arkansas”**

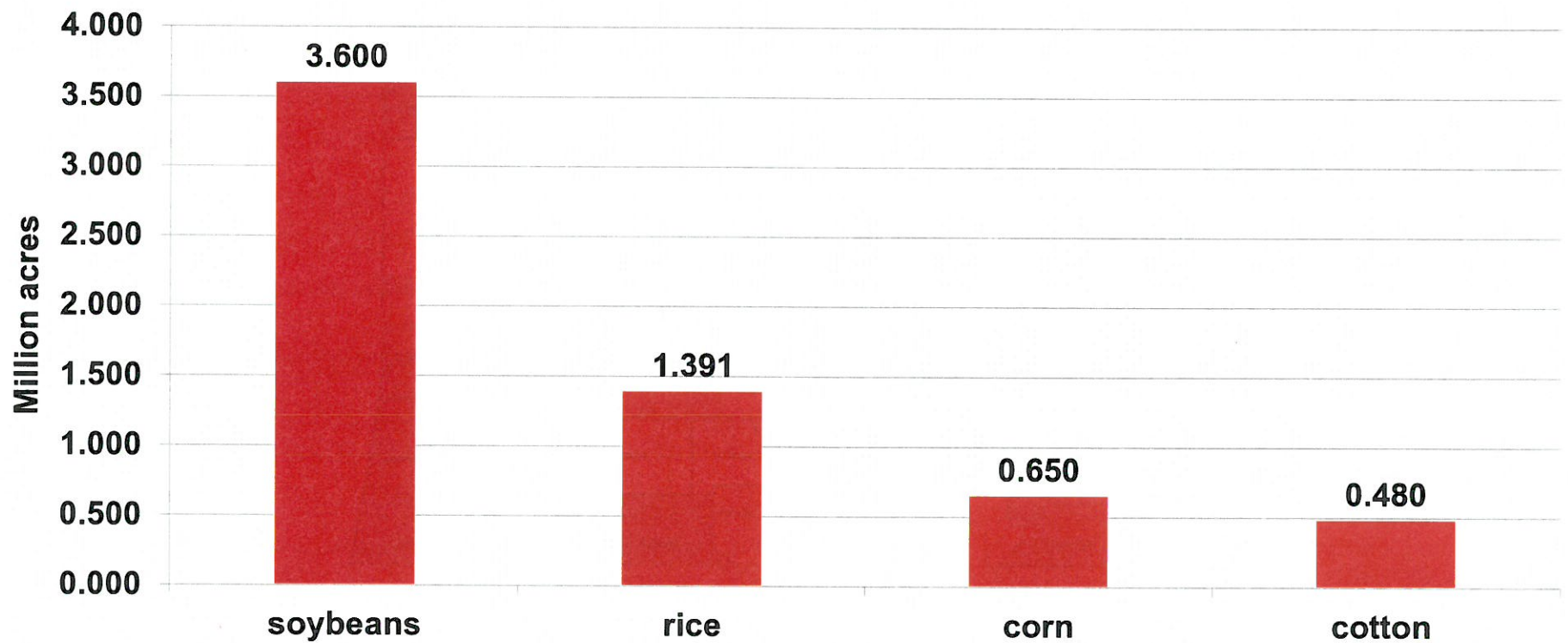
**Senate and House Agriculture, Forestry and Economic Development Committees**



“Tariffs on \$34 billion of imports will start July 6, covering agricultural products including: **soybeans, corn, wheat, cotton, rice, sorghum**, beef, pork, poultry, fish, dairy products, nuts and vegetables.”

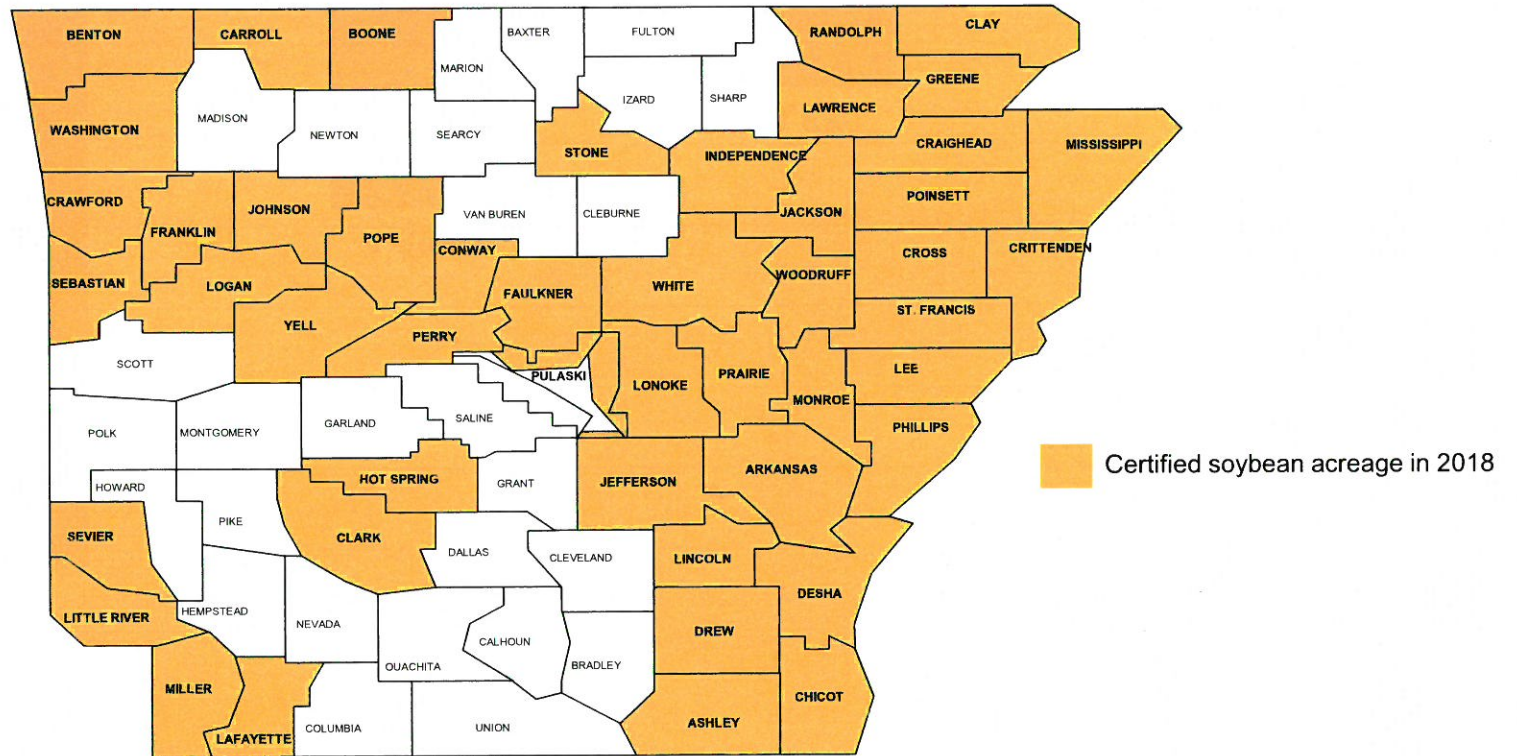
- Bloomberg News  
June 15, 2018

# Arkansas Planted Acreage of Major Row Crops.



Source: USDA, NASS.

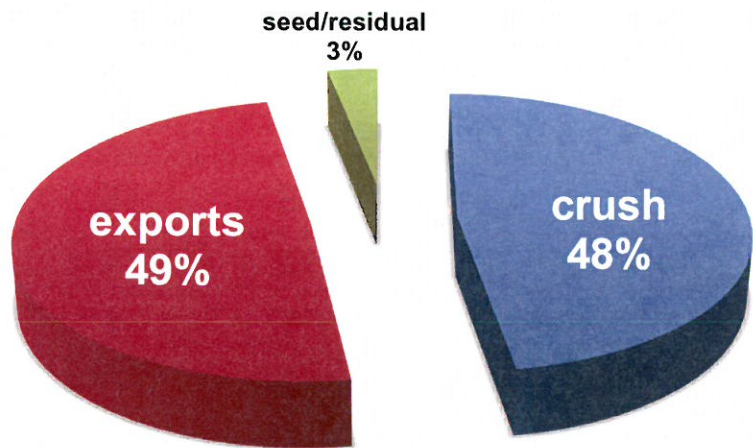
# Arkansas Counties Producing Soybeans, 2018.



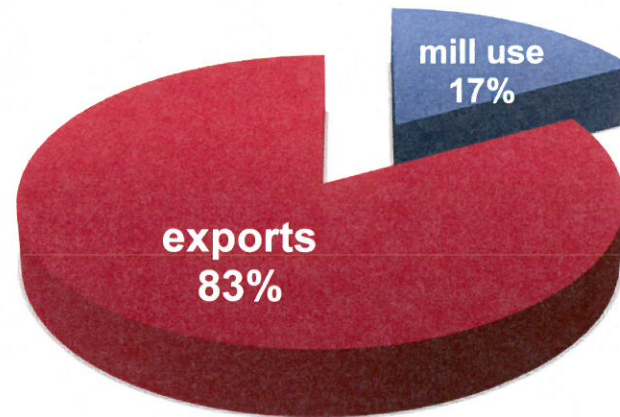
Source: USDA - Farm Service Agency.

# Demand Distribution, U.S. Soybeans and Cotton.

## Soybean Total Demand, 2017/18.



## Cotton Total Demand, 2017/18.



Source: USDA, Foreign Agricultural Service.



# Value of Commodity Exports, Arkansas.

## Top 2016 Commodity Exports in Arkansas (million dollars).

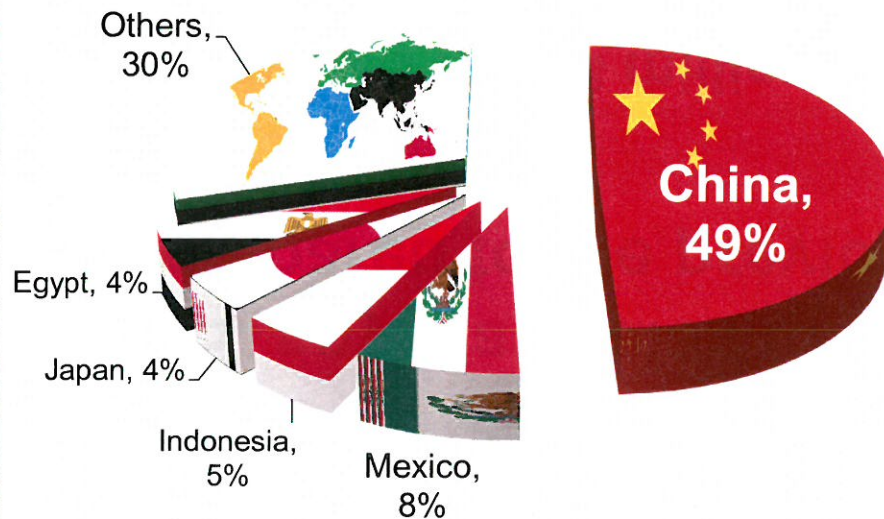
Rank	Commodity	Million \$
1	<b>Soybeans</b>	<b>863.8</b>
2	<b>Rice</b>	<b>768.0</b>
3	Broiler meat	344.8
4	<b>Cotton</b>	<b>166.9</b>
5	Soybean meal	154.6
6	Other poultry products	132.0
7	Vegetable oils	108.9
8	Grain products	86.9
9	<b>Corn</b>	<b>84.5</b>
10	Feeds and other grain	74.7

Source: USDA, Economic Research Service.

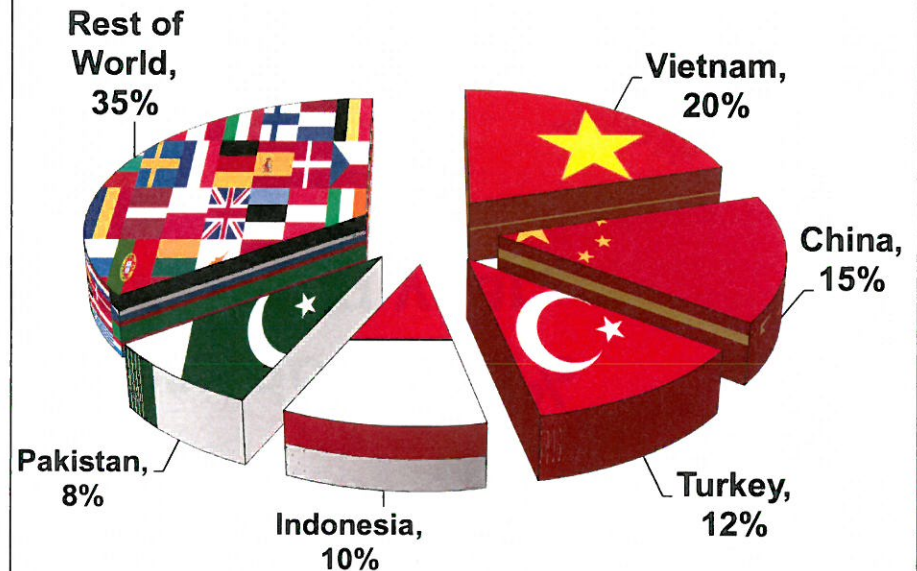
# Major U.S. Export Markets



## Soybean Export Market Share, 2017/18.



## Cotton Export Market Share, 2017/18.



Source: USDA, Foreign Agricultural Service.

# U.S. Soybean Sales to China Down Sharply

- **U.S. soybean sales to China are down 23% compared to the previous marketing year.**
  - equates to 308 million bushels.

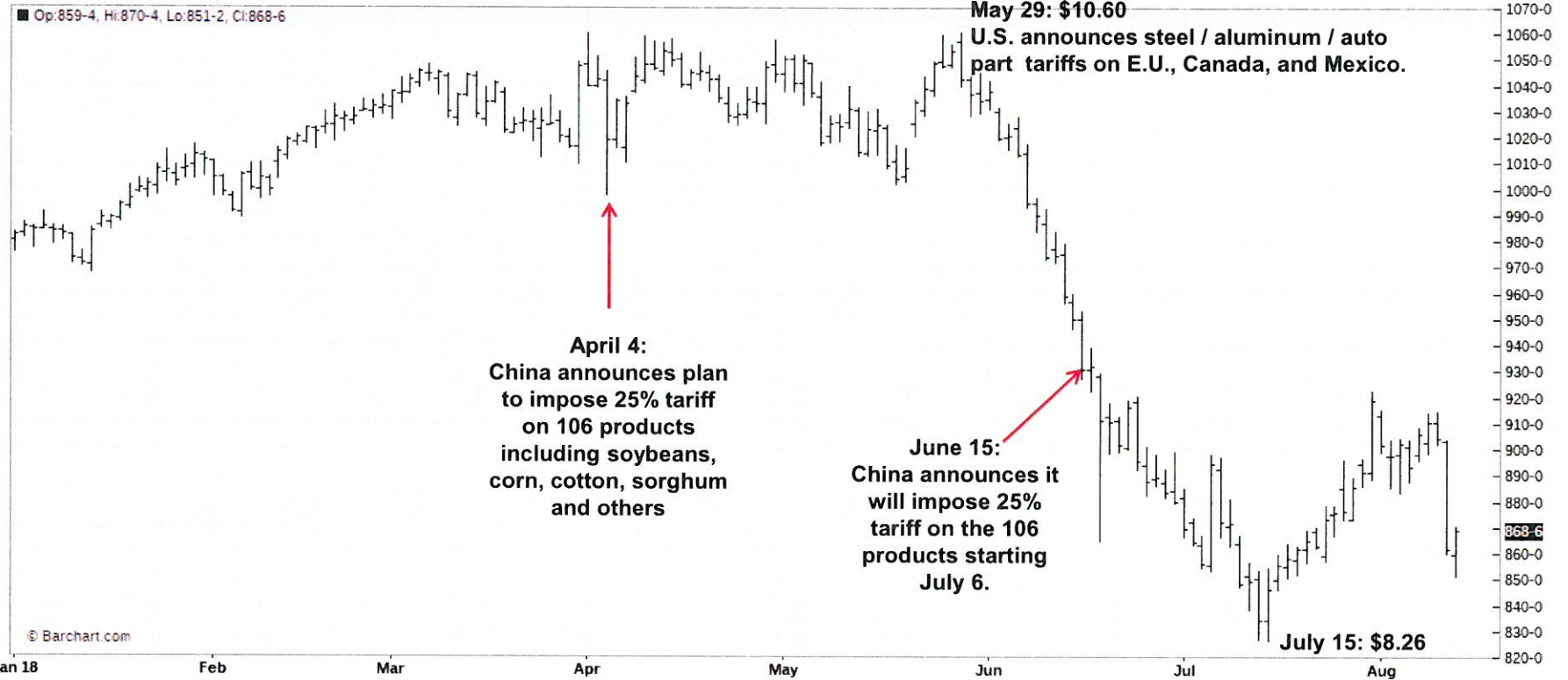


Source: USDA, Foreign Agricultural Service.



# Soybean Futures at Lowest Level Since 2009

ZSX18 - Soybeans - Daily OHLC Chart



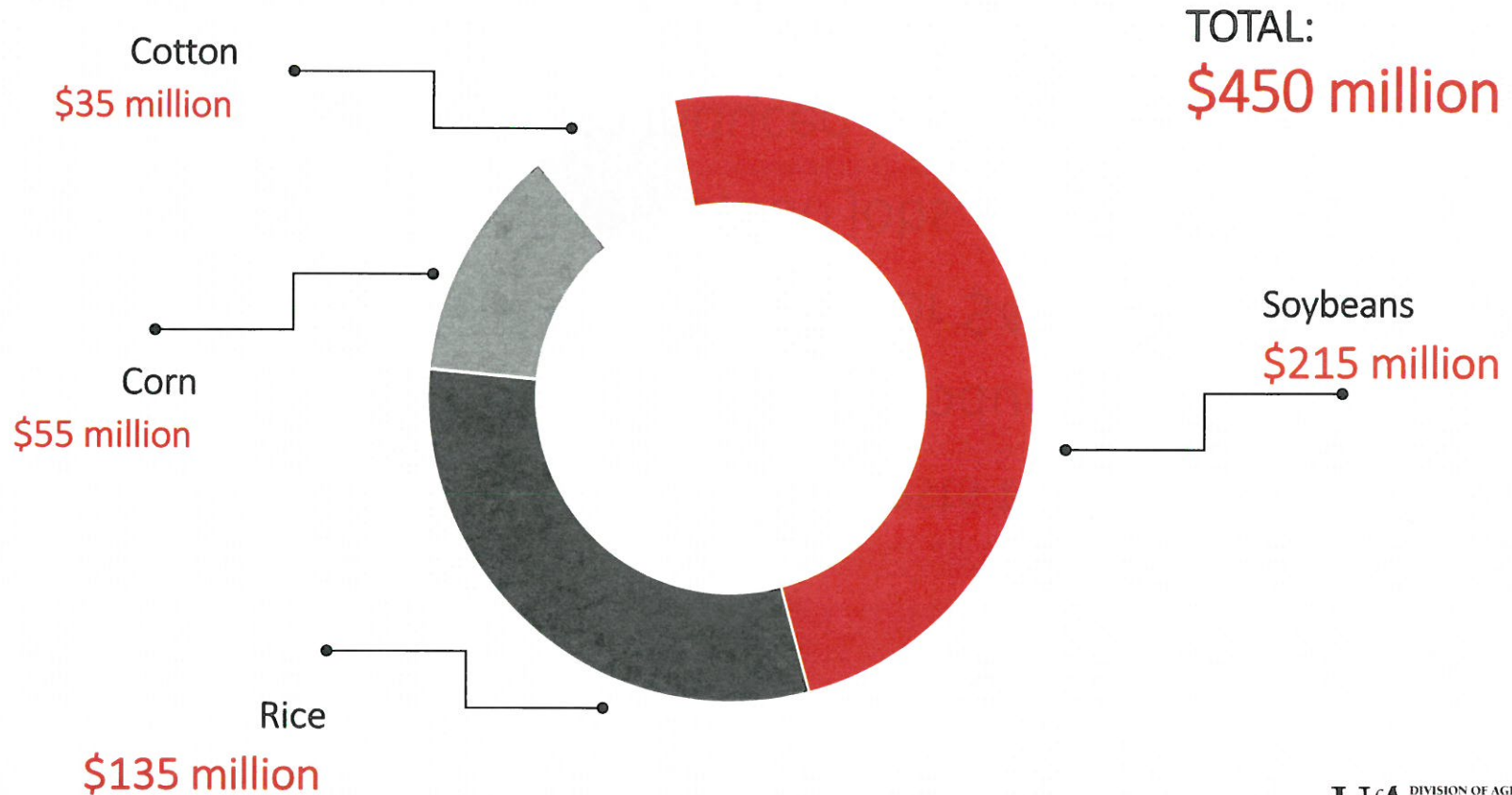
# Retaliatory Tariff Analysis: Economic Impact

## ✓ Summary

Impact analysis using IMPLAN suggests the following:

- 14% decrease in the value of production for Arkansas soybeans, rice, corn, and cotton or \$450 million.

# Projected Value Loss of Arkansas Soybeans, Grains and Cotton.



# Retaliatory Tariff Analysis: Economic Impact

## ✓ Summary

Impact analysis using IMPLAN suggests the following:

- 14% decrease in the value of production for Arkansas soybeans, rice, corn, and cotton or \$450 million.
- Losses of approximately 3,000 jobs.
- Loss of \$120 million in induced labor income (wages).
- Overall loss in value added of up to \$665 million.



# Retaliatory Tariff Analysis: Economic Impact

## ✓ Other Considerations:

IMPLAN analysis does not include the following:

- Potential payments to farmers from revenue insurance and existing income support programs such as Agricultural Risk Coverage (ARC) and Price Loss Coverage (PLC).
- Payments from the recently announced \$12 billion “Trade Assistance” package.
  - Estimated \$7 to \$8 billion will be allocated to direct payments for seven (7) commodities.



Thank You.

H. Scott Stiles

Extension Economist

University of Arkansas Division of Agriculture

[sstiles@uaex.edu](mailto:sstiles@uaex.edu)

870.972.2481 office