

Where Are We Going With Global and U.S. Trade?

Ian Sheldon

sheldon.1@osu.edu

<https://aede.osu.edu/research/andersons-program>

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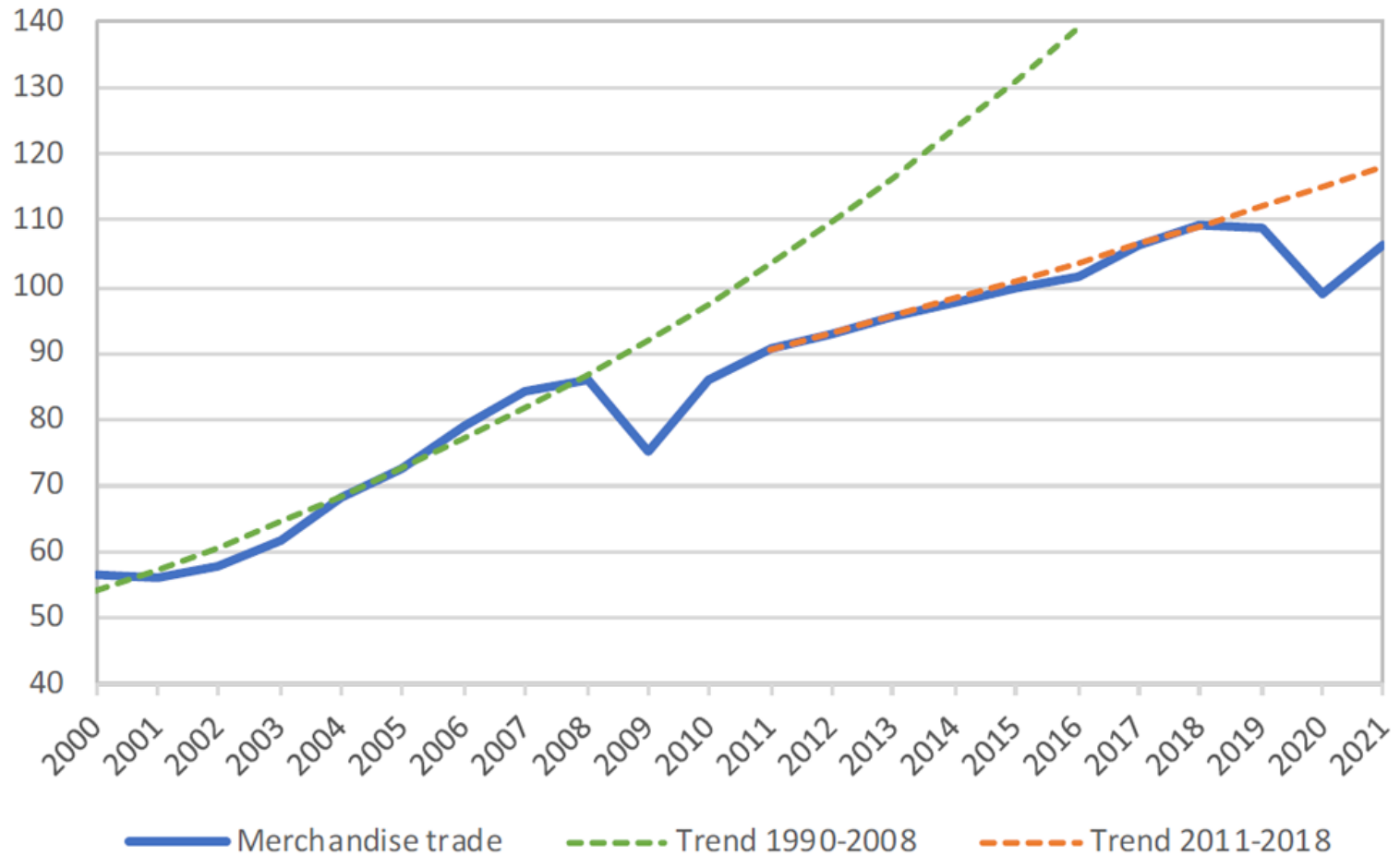
THE OHIO STATE UNIVERSITY
COLLEGE OF FOOD, AGRICULTURAL,
AND ENVIRONMENTAL SCIENCES

Global Trade and the Pandemic

- ◆ **Global trade forecast to decline by 9.2% in 2020, followed by 7.2% rise in 2021 (WTO)**
- ◆ **Could have been worse – April forecast was a 13-32% decline (WTO)**
- ◆ **Considerable uncertainty about trajectory of trade for rest of 2020 into 2021 – especially with resurgence of COVID-19**
- ◆ **Macroeconomic and trade policy critical to mitigating impact of pandemic on trade and GDP**

Global Trade

Index: 2015 = 100

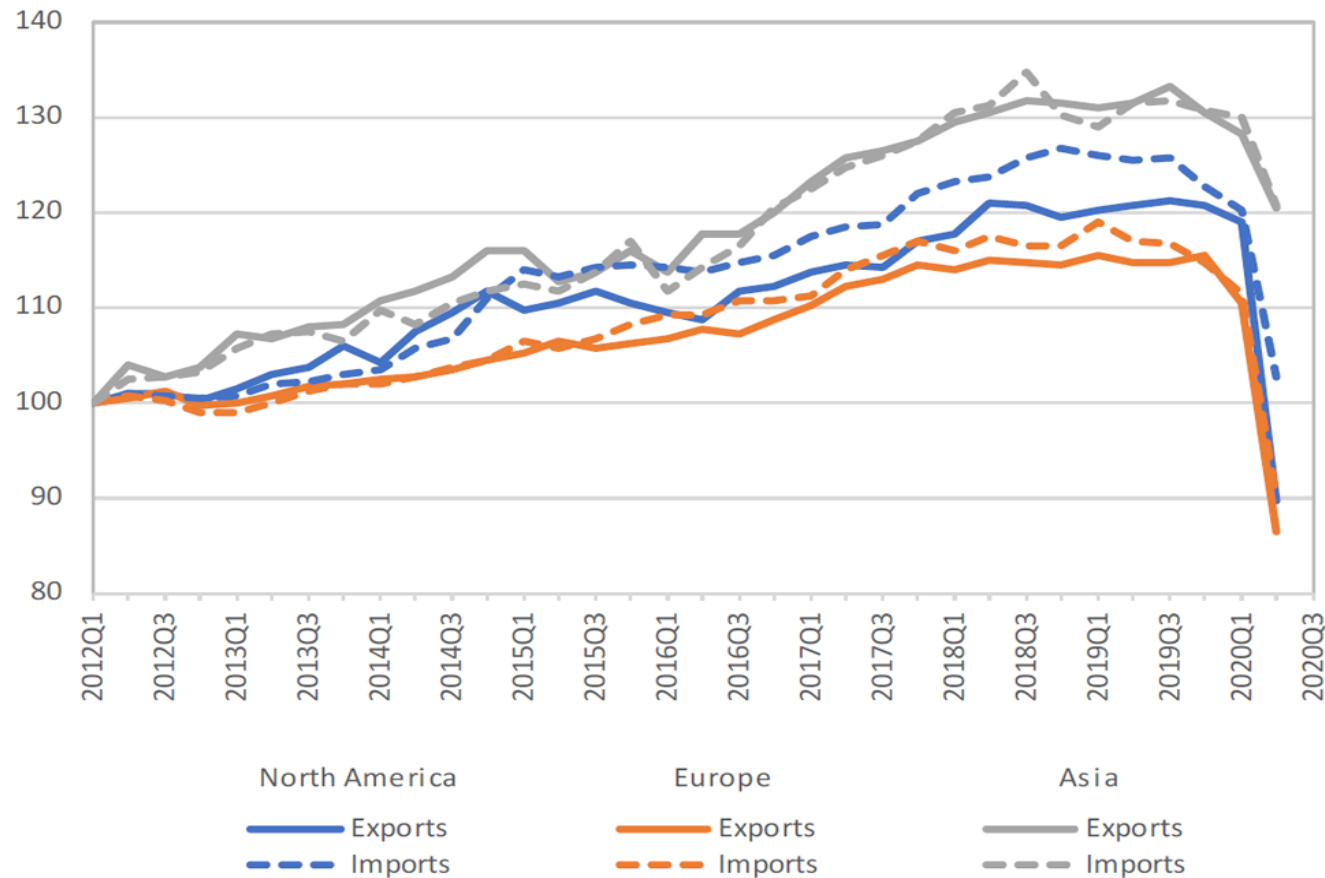


Source: WTO (October 2020)

Regional Impacts of Pandemic

Exports and Imports by Region, 2012Q1-2020Q2

Index: 2012Q1 = 100



Source: WTO and UNCTAD (October 2020)

Trade and GDP Forecast

	2015	2016	2017	2018	2019	2020	2021	
Volume of world merchandise trade^b	2.3	1.4	4.7	2.9	-0.1	-9.2	7.2	
Exports								
North America	2.6	0.7	3.4	3.8	1.0	-14.7	10.7	← Exports
South and Central America	0.6	1.3	2.9	0.1	-2.2	-7.7	5.4	
Europe	2.9	1.1	3.7	2.0	0.1	-11.7	8.2	
Asia	1.3	2.3	6.7	3.7	0.9	-4.5	5.7	
Other regions ^c	1.8	3.5	0.7	0.7	-2.9	-9.5	6.1	
Imports								
North America	5.2	0.3	4.4	5.2	-0.4	-8.7	6.7	← Imports
South and Central America	-7.6	-9.0	4.3	5.3	-2.1	-13.5	6.5	
Europe	3.6	3.0	3.0	1.5	0.5	-10.3	8.7	
Asia	2.1	2.2	8.4	4.9	-0.6	-4.4	6.2	
Other regions ^c	-3.9	-4.5	3.4	0.3	1.5	-16.0	5.6	
Real GDP at market exchange rates								
North America	2.8	1.7	2.4	2.8	2.1	-4.4	3.9	← GDP
South and Central America	-0.8	-2.0	0.8	0.6	-0.2	-7.5	3.8	
Europe	2.4	2.1	2.8	2.1	1.5	-7.3	5.2	
Asia	4.3	4.2	4.8	4.1	3.9	-2.4	5.9	
Other regions ^c	1.5	2.4	1.9	2.1	1.4	-5.5	3.5	

Source: WTO (October 2020)

Downside vs. Upside Risks

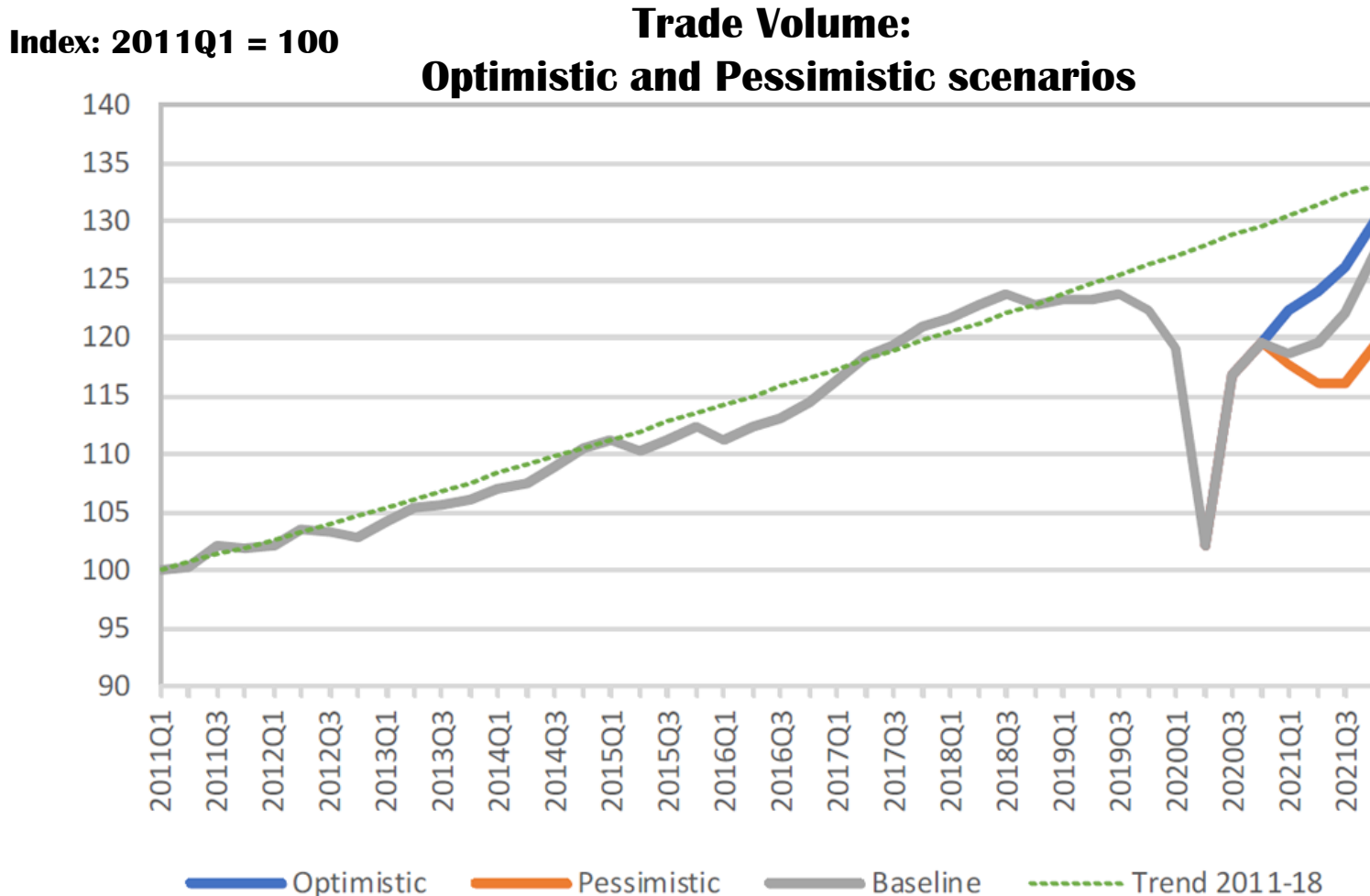
◇ Downside:

- **Resurgence of COVID-19 requiring lockdowns could reduce global GDP growth by 2-3% in 2021**
- **Uncertain outlook for fiscal policy and high rates of unemployment in many countries – could reduce global trade by 4% in 2021**

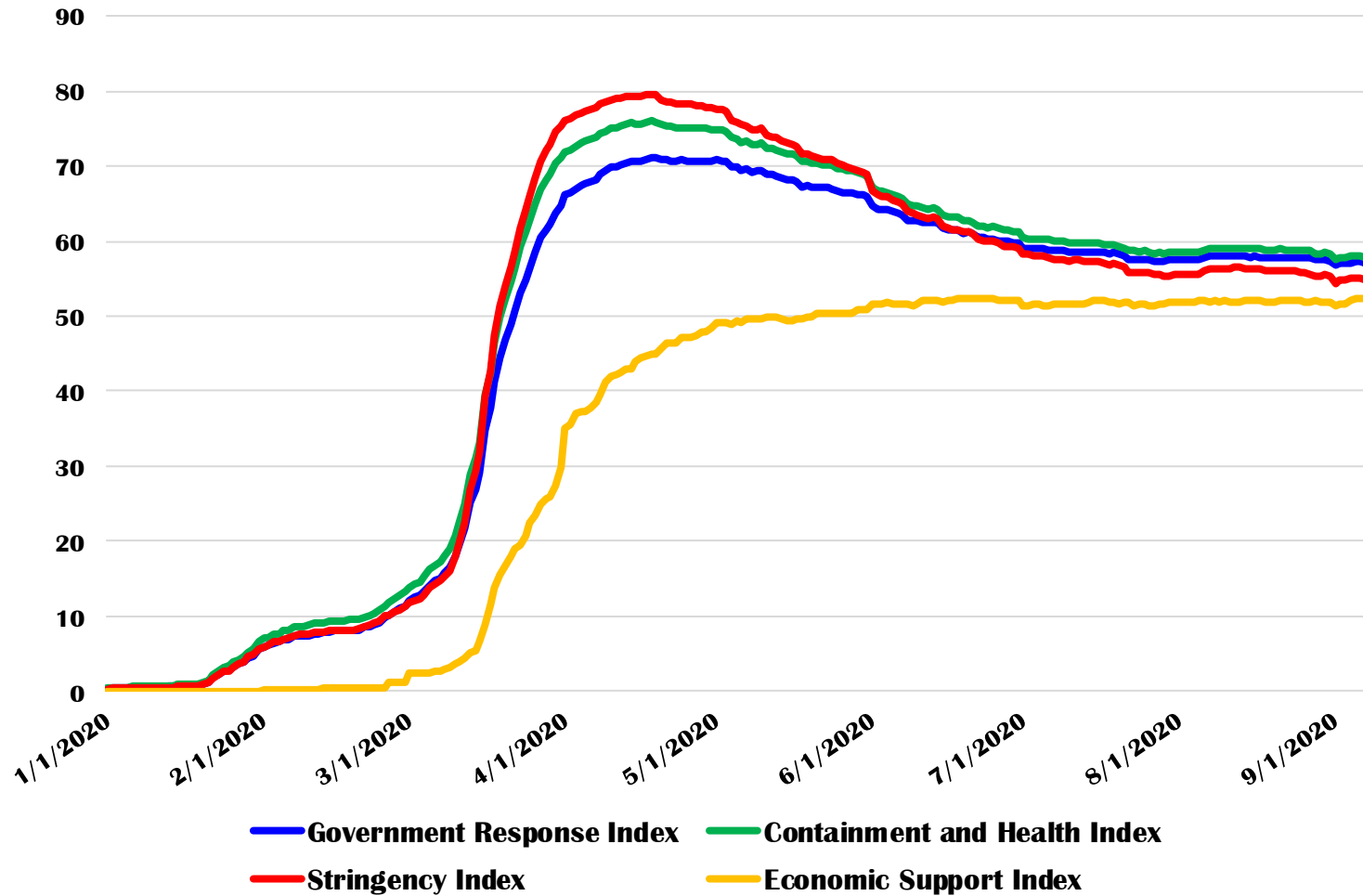
◇ Upside:

- **Rapid deployment of vaccine could boost confidence and raise global GDP growth by 1-2%, and global trade by 3% in 2021**
- **Trade may also be affected by growth in technology sectors, and leveraging of information technology**

Downside vs. Upside Risks



Re-Opening Has Stalled



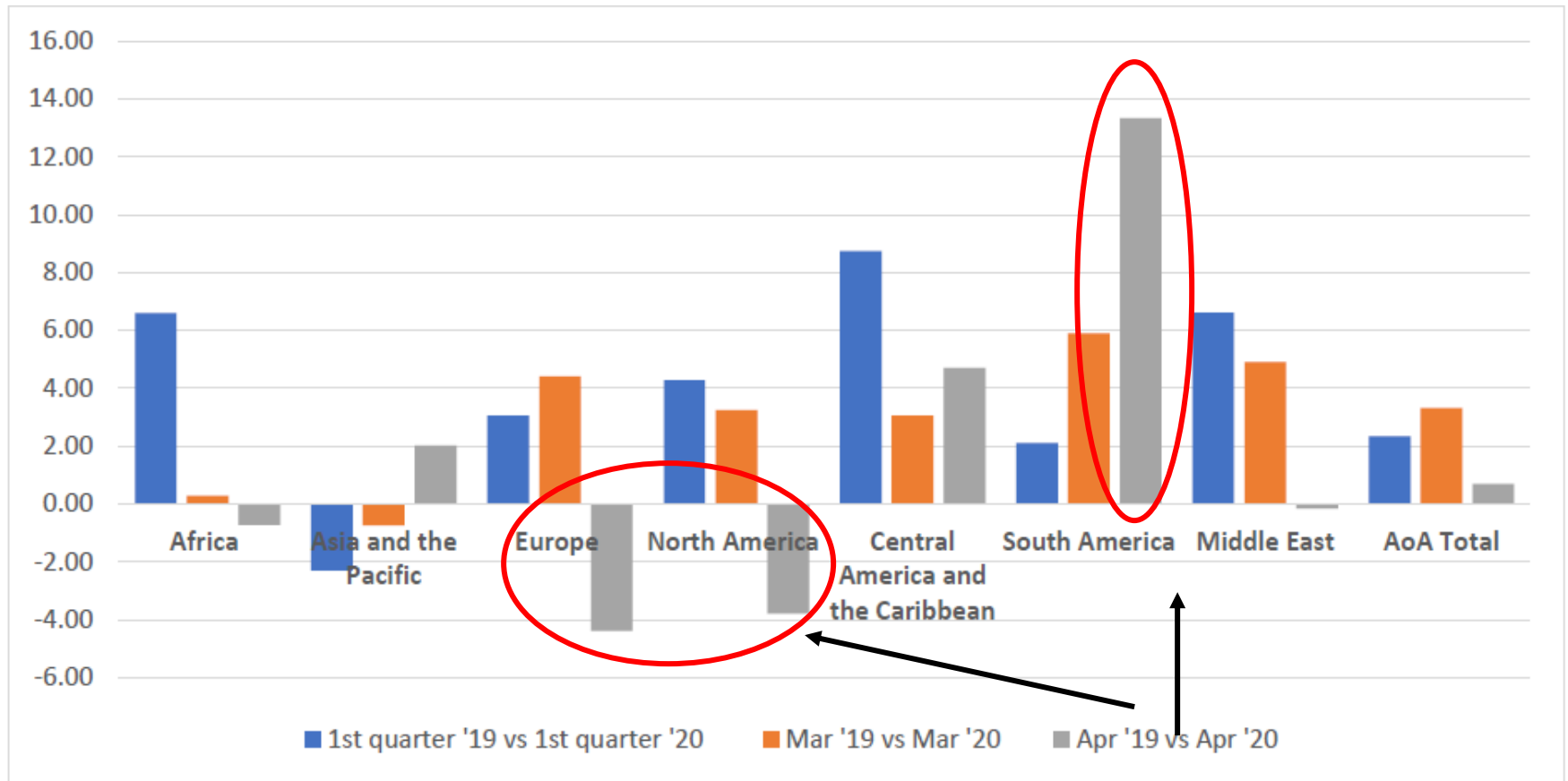
Source: IMF (October 2020)

Global Agricultural Trade

- ◆ **Initial focus on food security: export restrictions and stockpiling**
- ◆ **But - agricultural trade proved resilient, exports rising 2% by end of May with regional variation**
- ◆ **Reflects:**
 - **essential nature of food**
 - **bulk marine shipments of commodities (cereals and oilseeds) not subject to major disruptions**
- ◆ **Conceals variation across products:**
 - **increased demand for staples, processed fruits and vegetables (panic buying/eating at home)**
 - **reduced exports of fresh produce, dairy and meat (decline in food service demand and tourism)**

Agricultural Exports by Region

% change



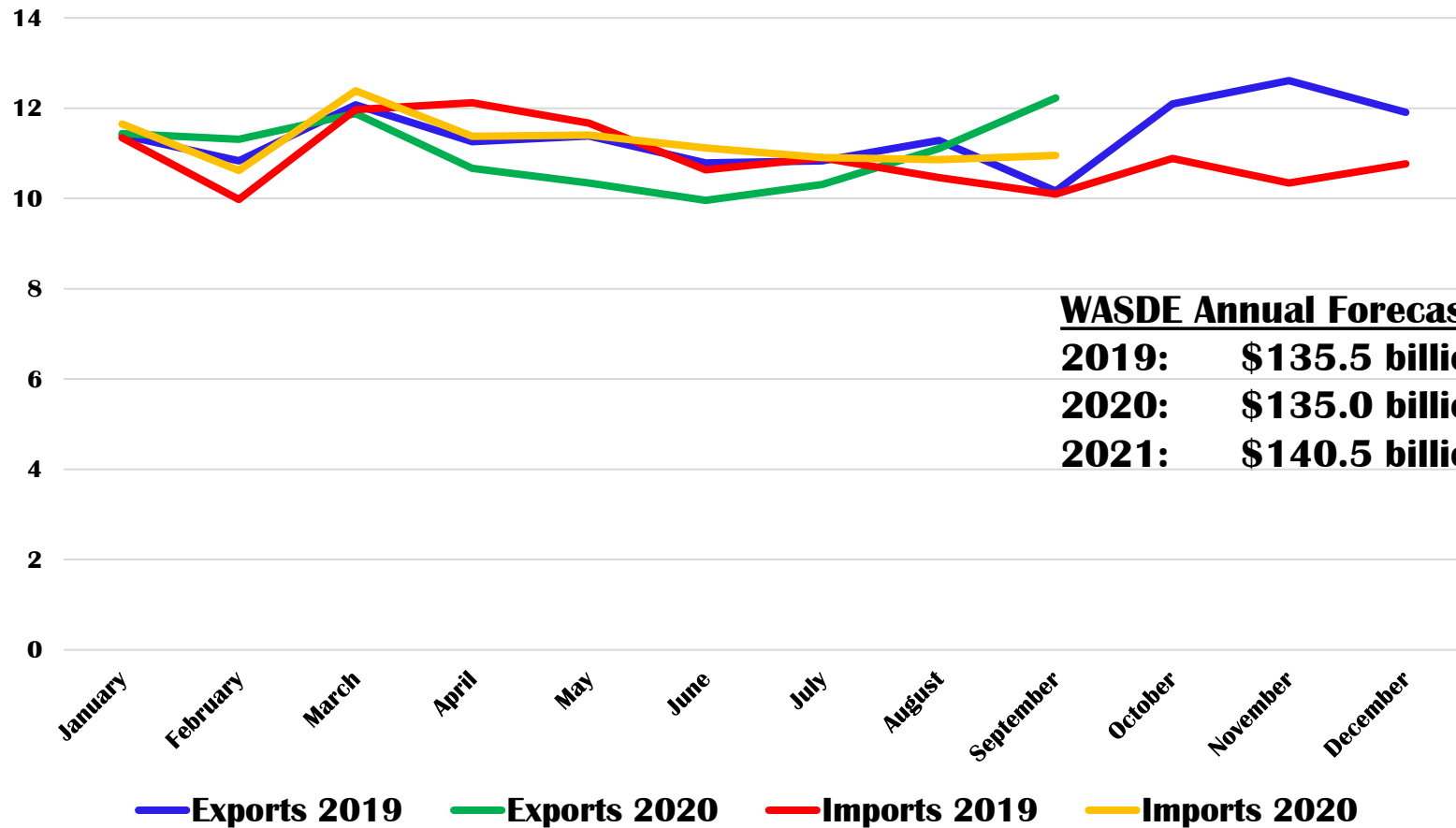
Source: WTO Secretariat (August 2020)

Global Agricultural Trade

- ❖ **Pandemic intensified downward pressure on prices, placing pressure on producer incomes**
- ❖ **Stocks and production levels for key staples at all-time highs – i.e., no reason health crisis turns into global food security crisis**
- ❖ **However, by end of 2020, 270 million expected to be acutely food insecure – 82% increase on pre-pandemic (World Food Program)**
- ❖ **Critical to keep trade flows open and supply chains operational**

U.S. Agricultural Trade

\$ billion



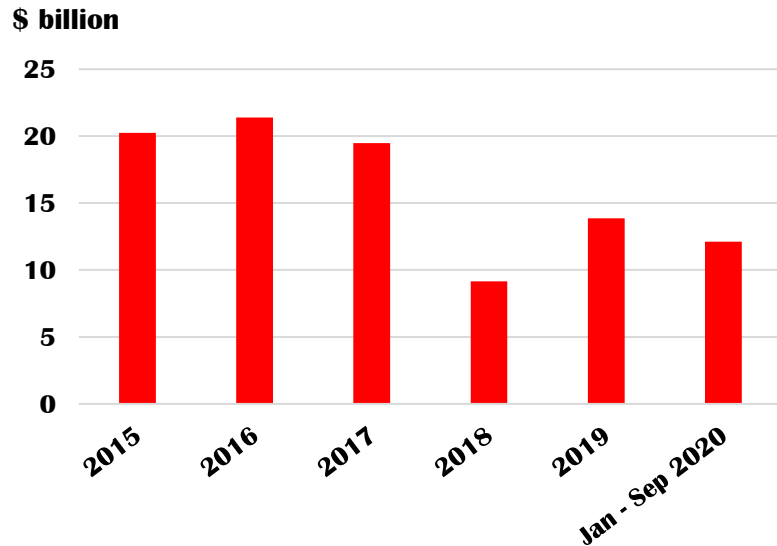
WASDE Annual Forecast

2019:	\$135.5 billion
2020:	\$135.0 billion
2021:	\$140.5 billion

Source: USDA/ERS November 12, 2020

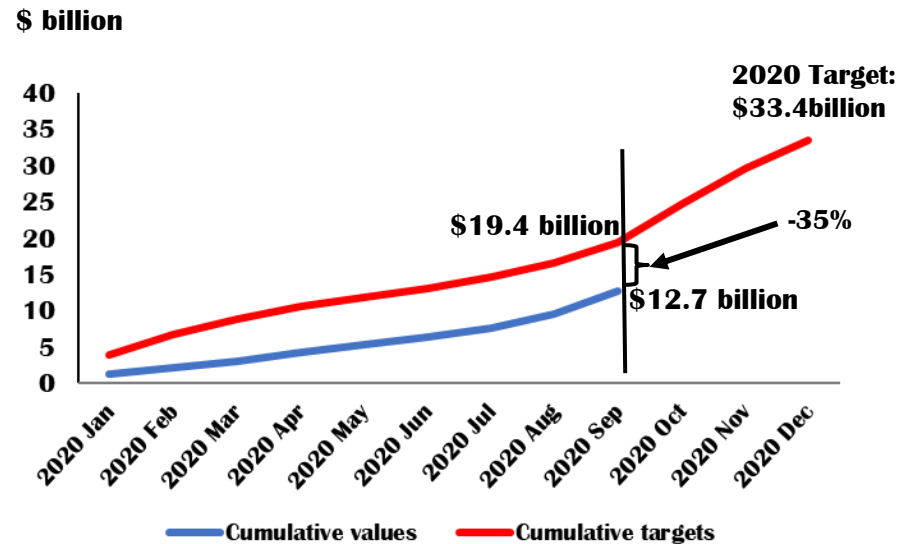
U.S. - China Agricultural Trade

U.S. Agricultural Exports to China



Source: USDA/FAS, November 2020

Phase 1 Agreement:
U.S. Export Values vs. 2020 Target

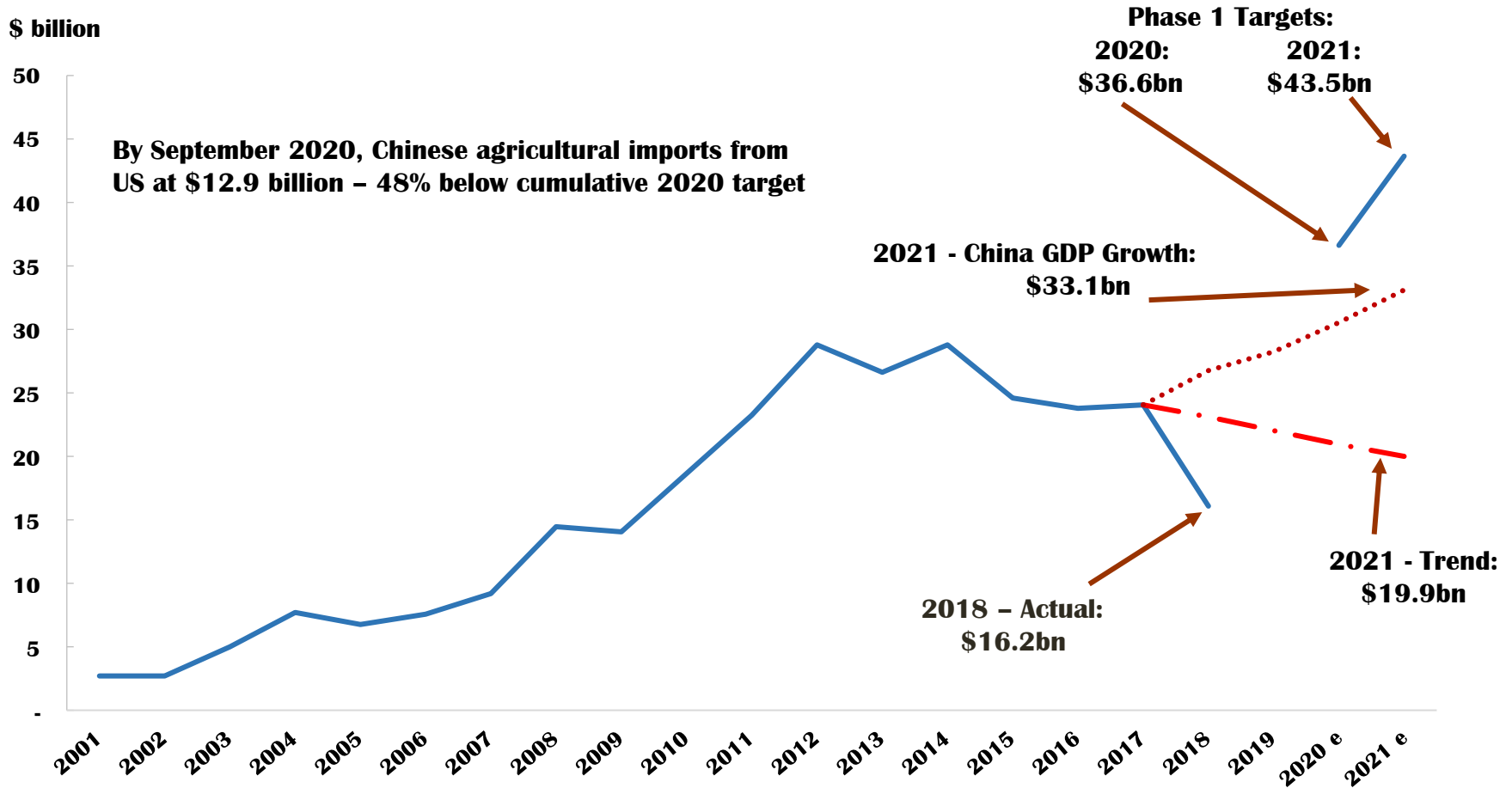


Source: PIIE, October 2020

U.S. - China Phase 1 Trade Deal

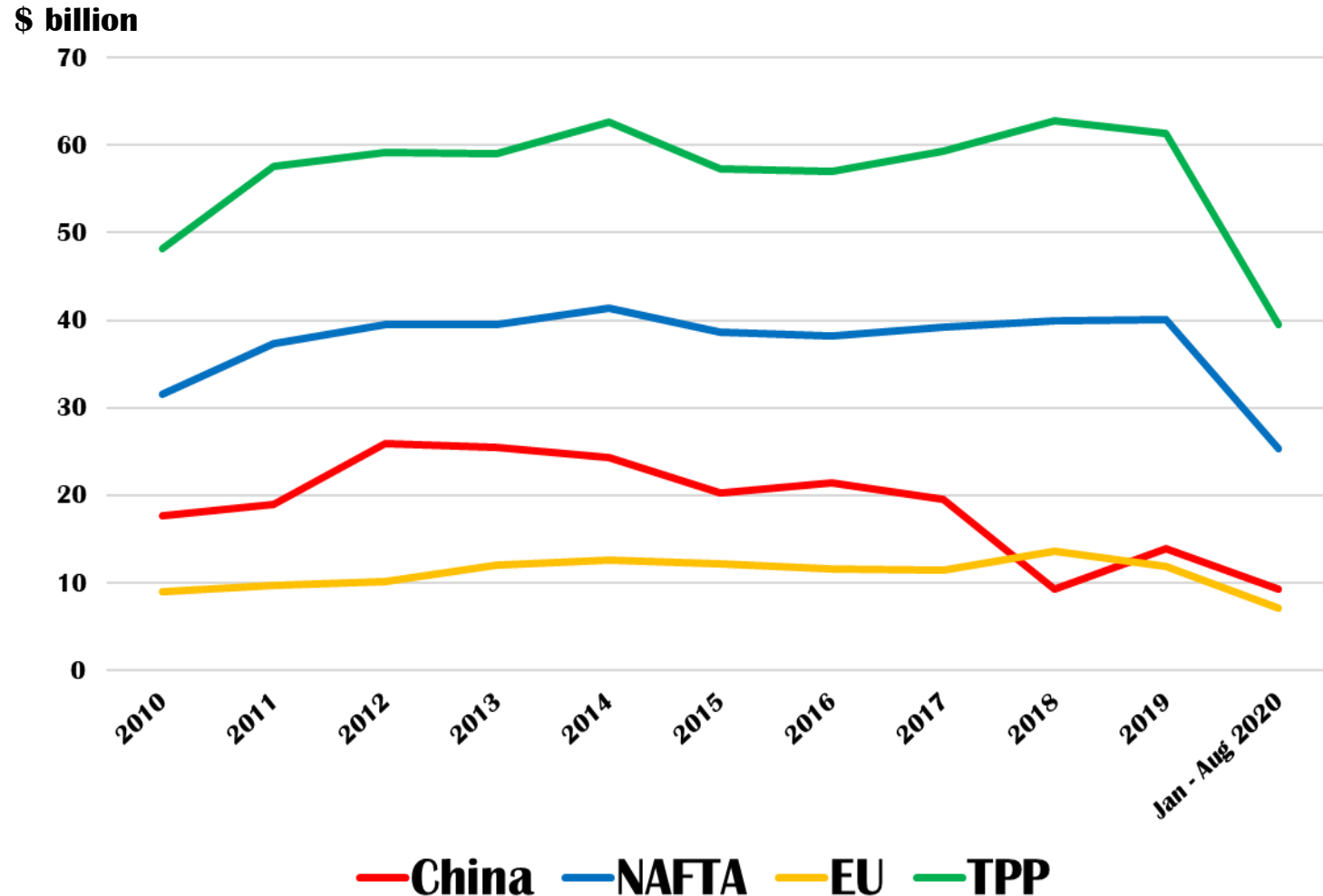
- ◆ **Phase 1 trade deal a commitment by China to “voluntary” agricultural import expansion (VIE)**
- ◆ **Equivalent to import subsidies of 12-23% (2020), and 42-59% (2021) (Feenstra and Hong, 2020)**
- ◆ **Challenging to meet these import commitments via Chinese state trading**
- ◆ **US appeal of WTO panel ruling in favor of China may affect hitting targets**
- ◆ **Additional uncertainty about U.S. trade policy post- election**

Context: U.S.-China Agricultural Trade



Source: PIIE, October 2020

Markets Other Than China?



Source: USDA/ERS November 5, 2020

Future of U.S. Trade Policy?

- ◆ **Unlikely to see U.S. in new FTA negotiations**
- ◆ **Coalition sought with allies to set trade rules and isolate China, focusing on IP theft, forced technology transfer, and use of subsidies**
- ◆ **Support for WTO reform and U.S. leadership in setting trade rules**
- ◆ **Use of targeted tariffs, with focus on specific violation of trade rules**
- ◆ **End “trade war” with EU, and seek to resolve Boeing-Airbus export subsidy dispute**