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SUMMARY

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Retaliatory Tariffs on U.S. Agriculture and USDA's Responses: Frequently Asked Questions

In 2025, the Trump Administration imposed several rounds of tariffs against trading partners under the under the International Emergency Economic Powers Act (IEEPA) and Section 232 of the Trade Expansion Act of 1962, commonly referred as "Section 232." The first IEEPA tariffs targeting Canada, the People's Republic of China, and Mexico were in response to what President Trump identified as the "failures" of the three countries to address issues such as drug and human trafficking and transnational crime. Subsequently, under IEEPA, the Trump Administration imposed a 10% tariff on most trading partners, imposed additional tariffs on China, and proposed country-specific "reciprocal tariffs" addressing bilateral trade deficits. The Trump Administration also expanded steel and aluminum tariffs and imposed new tariffs on automobile and automobile parts under Section 232.

In response to these U.S. tariffs, some countries have imposed or announced potential retaliatory tariffs on U.S. goods, including U.S. agricultural products. In March 2025, Canada imposed retaliatory tariffs that included U.S. agricultural goods. In March 2025, China imposed retaliatory tariffs that included U.S. agricultural goods and, in April 2025, further increased tariffs on all U.S. goods. In May 2025, China temporarily decreased its retaliatory tariffs on U.S. goods following an agreement with the United States. In April 2025, the European Union released a list of U.S. products targeted for retaliatory tariffs effective June 2025.

During the first Trump Administration, beginning in 2018, certain trading partners imposed retaliatory tariffs on U.S. agricultural products in response to tariffs imposed by the United States. In response to the retaliatory tariffs, the U.S. Department of Agriculture (USDA) used administrative authorities to provide approximately $25.7 billion in direct income support payments to farmers, for purchases for agricultural commodities, and in additional support for trade promotion activities.

This report discusses frequently asked questions about retaliatory tariffs on U.S. agriculture and USDA's response to the retaliatory tariffs since 2018. It addresses the agricultural context of recent tariff actions by the United States and subsequent retaliatory tariffs by trading partners, what retaliatory tariffs were imposed on U.S. agriculture in 2018 and 2019 and their effects on trade flows for select agricultural commodities, rationales why foreign trading partners target U.S. agricultural products for retaliation, and the agricultural provisions of the U.S.-China Phase One Agreement. The report also discusses the 2018 and 2019 USDA responses to retaliatory tariffs and the views of these responses.

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Introduction

In March 2025, Canada and the People's Republic of China (hereinafter China) imposed retaliatory tariffs on a range of U.S. exports, including agricultural products, in response to U.S. tariffs imposed in February and March 2025 under the International Emergency Economic Powers Act (IEEPA; 50 U.S.C. §§1701 et seq.).[1] The U.S. tariffs were a response to what President Trump identified as "failures" on the part of Canada, China, and Mexico to address issues such as drug and human trafficking and transnational crimes.[2] Many Members of Congress have an interest in the impact that foreign retaliatory tariffs have on the U.S. agricultural and food sectors, which rely on export markets for additional revenue and economic activity. In addition to the February and March 2025 IEEPA tariffs, the United States has taken other tariff actions that faced retaliatory or threats of retaliatory tariffs on U.S. agricultural exports.

In 2018 and 2019, during the first Trump Administration, China, the European Union (EU), Canada, Mexico, Turkey, and India responded to U.S. tariff actions with retaliatory tariffs on U.S. imports that included agricultural products. In response, the U.S. Department of Agriculture (USDA) used administrative authorities to distribute about $25.7 billion through three programs that, respectively, provided direct income support payments to farmers, purchased agricultural commodities, and supported trade promotion activities. In April 2025, Secretary of Agriculture Brooke Rollins indicated that it would take months to determine whether payments for producers are needed in response to retaliatory tariffs but that USDA is "setting up the infrastructure" to address trade damages.[3]

This report addresses some frequently asked questions (FAQs) grouped into four categories: background, trade actions in 2025, trade actions in 2018-2023, and USDA's response to retaliatory tariffs.

Background

What Are Tariffs?

Tariffs are taxes or duties levied on imported goods. Foreign retaliatory tariffs on U.S. exports make U.S. goods less competitive in foreign markets compared to goods not subject to tariffs, such as substitutable goods produced in the foreign country and goods from other suppliers.

[1] For purposes of this report, *agricultural product* refers to the U.S. Department of Agriculture's (USDA's) definition, which follows the World Trade Organization's (WTO's) definition. The WTO's definition includes most food products but excludes those such as seafood and forestry products. For more information about U.S. tariff authorities and policies in general and the International Emergency Economic Powers Act (IEEPA), see CRS Report R48435, *Congressional and Presidential Authority to Impose Import Tariffs*; CRS In Focus IF11030, *U.S. Tariff Policy: Overview*; CRS Report R45618, *The International Emergency Economic Powers Act: Origins, Evolution, and Use*; and CRS Insight IN11129, *The International Emergency Economic Powers Act (IEEPA), the National Emergencies Act (NEA), and Tariffs: Historical Background and Key Issues*.

[2] Executive Order 14193 of February 1, 2025, "Imposing Duties to Address the Flow of Illicit Drugs Across Our Northern Border," 90 *Federal Register* 9113, February 7, 2025; Executive Order 14194 of February 1, 2025, "Imposing Duties to Address the Situation at Our Southern Border," 90 *Federal Register* 9117, February 7, 2025; and Executive Order 14195 of February 1, 2025, "Imposing Duties to Address the Synthetic Opioid Supply Chain in the People's Republic of China," 90 *Federal Register* 9121, February 7, 2025.

[3] Secretary Rollins is quoted in Marcia Brown, "'We Just Haven't Seen Anything Like This': Farmers Brace for Trump's Trade War," *Politico*, April 4, 2025; see also Andy Castillo, "USDA Says Farm Impact of New Tariffs Unknown Until Fall," *Farm Progress*, April 4, 2025.

Tariffs on agricultural products are commonly applied either at an ad valorem basis (i.e., a percentage of the value of the imported goods) or at a specific basis (i.e., assessed at a fixed amount of money per unit of an imported good).

What Agricultural Products Does the United States Export and Import?

The United States is one of the top exporters of agricultural products in the world, with exports totaling $176.0 billion in 2024. Exports account for about 20% of total U.S. agricultural and food production by value.[4] The USDA Foreign Agricultural Service groups agricultural products into three broad categories:

- Bulk: raw and unprocessed commodities sold in large quantities that are mostly used as inputs (e.g., corn, wheat, cotton, soybeans)
- Intermediate: processed commodities used as inputs in the manufacturing of other products (e.g., soybean meal, ethanol, vegetable oils, essential oils, hides and skins)
- Consumer oriented: a larger collection of agricultural and food products for consumers and retailers (e.g., fruits, vegetables, meat, poultry, dairy, alcoholic beverages)

Bulk commodities are the leading U.S. farm exports. In 2024, over 60% of U.S. agricultural exports by value were to Mexico, Canada, China, the EU, and Japan.

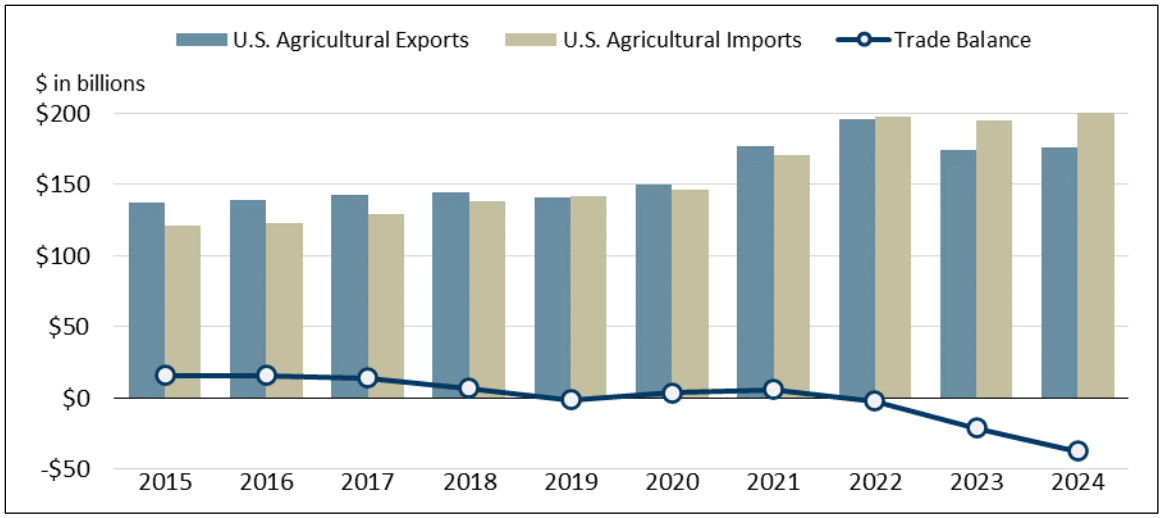
The share of U.S. production that is exported varies by year and type of agricultural product. On average, for the past decade on a quantity basis, for bulk commodities, the United States exported 15% of corn, 46% of rice, 47% of soybeans and wheat, 55% of sorghum, and 84% of cotton produced. For meat products, about 11% of beef and veal, 16% of chicken meat, and 23% of swine meat produced were exported.[5] For tree nuts, the United States exported on average nearly 70% of almonds and walnuts and 64% of pistachios produced. For fresh fruits, the United States exported on average 5% of tangerines/mandarins, 17% of apples, 19% of cherries, and 33% of table grapes produced.

In 2024, the United States imported $213.0 billion in agricultural products, which provided U.S. consumers more choice, variety, and product availability year-round as well as increased competition for certain U.S. producers. Leading imports included fruits, vegetables, vegetable oils, alcoholic beverages (e.g., distilled spirits, wine, beer), beef, and coffee. The top sources of U.S. agricultural imports were Mexico, Canada, and the EU, which accounted for 60% of total agricultural imports. Comparing the value of U.S. agricultural trade exports with imports reveals that the U.S. agricultural trade surplus peaked at $40.1 billion in 2011 and has since fallen, becoming trade deficits in 2019, 2022, 2023, and 2024. In 2024, the agricultural trade deficit was $37.0 billion. See **Figure 1** for U.S. agricultural trade trends in the past decade. See **Table 1** and **Table 2** for trade statistics for the top five U.S. agricultural export markets and top five U.S. agricultural import suppliers for the past decade.

[4] USDA, Economic Research Service (ERS), "U.S. Agricultural Trade – U.S. Agricultural Trade at a Glance," January 7, 2025, https://www.ers.usda.gov/topics/international-markets-us-trade/us-agricultural-trade/us-agricultural-trade-at-a-glance.

[5] Calculated by CRS from USDA production, supply, and distribution quantity data at USDA, Foreign Agricultural Service (FAS), "PSD Online," https://apps.fas.usda.gov/psdonline/app/index.html#/app/home.

Figure 1. Value of U.S. Agricultural Exports and Imports, 2015-2024



Source: Figure created by CRS using U.S. Census Bureau international trade data via U.S. Department of Agriculture (USDA), Foreign Agricultural Service (FAS), "Global Agricultural Trade System Online: GATS Home," https://apps.fas.usda.gov/gats/default.aspx. See Bulk, Intermediate, and Consumer-Oriented Harmonized System-10 (BICO-10) groupings.

Notes: Data are not adjusted for inflation. Trade balance is calculated as imports subtracted from exports.

Table 1. U.S. Agricultural Exports to Top Five Markets, 2015 to 2024

In Billions of Dollars (nominal)

Trading Partner	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Mexico	17.9	18.0	18.8	19.3	19.4	18.3	25.5	28.5	28.4	30.3
Canada	22.2	21.4	21.7	22.0	21.9	22.3	25.3	28.7	28.4	28.4
China	20.4	21.7	19.6	9.2	13.9	26.4	32.8	38.1	28.8	24.7
EU-27	11.0	10.2	10.5	12.5	10.8	10.4	11.0	12.3	12.6	12.8
Japan	11.6	11.4	12.1	13.1	12.0	11.7	14.2	14.7	11.9	12.0
Rest of world	54.2	56.2	60.1	68.5	63.1	60.5	67.9	73.4	64.1	67.8
World total	**137.2**	**138.9**	**142.9**	**144.7**	**141.1**	**149.7**	**176.6**	**195.7**	**174.2**	**176.0**

Source: CRS from USDA, Global Agricultural Trade System (GATS) data (BICO-10).

Notes: Data are not just adjusted for inflation. Values may not sum to totals shown because of rounding. EU-27 = the European Union customs union and its 27 member countries.

Table 2. U.S. Agricultural Imports from Top Five Suppliers, 2015 to 2024

In Billions of Dollars (nominal)

Trading Partner	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Mexico	22.2	24.1	25.9	27.5	30.2	32.9	38.0	43.3	45.4	48.6
Canada	22.4	22.2	22.9	23.7	24.4	25.3	31.2	37.5	40.1	41.0
EU-27	22.8	23.6	25.1	27.1	28.4	27.4	32.0	35.8	32.9	36.4
Brazil	4.0	3.8	3.9	3.9	4.1	4.0	4.7	6.2	6.2	7.9
China	4.3	4.3	4.5	4.9	3.7	3.8	4.1	4.7	4.7	5.8
Rest of world	45.4	44.6	46.9	50.8	50.8	52.7	60.6	70.6	65.6	73.2
World total	**121.1**	**122.6**	**129.2**	**138.0**	**141.6**	**146.3**	**170.6**	**198.2**	**194.8**	**213.0**

Source: CRS from USDA, GATS data (BICO-10).

Notes: Data are not just adjusted for inflation. Values may not sum to totals shown because of rounding. EU-27 = the European Union customs union and its 27 member countries.

All states export agricultural products, but a fraction of states account for the majority of farm export sales. For calendar year 2023, USDA estimated that over half of total U.S. agricultural exports based on value came from the eight leading agricultural exporting states, which were California, Iowa, Illinois, Minnesota, Nebraska, Texas, Indiana, and Missouri.[6]

Why Would Trading Partners Target U.S. Agricultural Products with Retaliatory Tariffs?

Foreign governments may target U.S. agricultural products for any of several reasons. The United States is one of the largest exporters of agricultural products, and these products represent a large target for retaliation for many trading partners. The value of agricultural products exported to U.S. trading partners that imposed retaliatory tariffs on U.S. agricultural products during the first Trump Administration was more than $76 billion in 2017.

Another reason U.S. trading partners may target U.S. agriculture is because agricultural commodities may be sourced globally from multiple suppliers. Trading partners could source agricultural imports from suppliers other than the United States. Australia, Brazil, Canada, and the EU are examples of major agricultural exporters that compete with the United States for foreign markets.

Retaliating trade partners may consider U.S. domestic politics when determining tariff targets, choosing products from specific regions or states to maximize political pressure. For example, some observers assert that bourbon whiskey was targeted in the 2018 retaliatory tariffs because it was produced in the then-Senate Majority Leader's home state of Kentucky.[7]

[6] USDA, ERS, "State Agricultural Trade Data," January 9, 2025, https://www.ers.usda.gov/data-products/state-agricultural-trade-data.

[7] Thiemo Fetzer and Carlo Schwarz, "Tariffs and Politics: Evidence from Trump's Trade Wars," *The Economic Journal*, vol. 131, no. 636 (May 2021), pp. 1717-1741; and Rob Gillie, "Canada Announces Billions in Retaliatory Tariffs Against US," Associated Press, June 30, 2018.

2025 Trade Actions

What U.S. Trade Actions Precipitated Retaliatory Tariffs in 2025?

Beginning in 2025, the United States has imposed tariffs under IEEPA and Section 232 of the Trade Expansion Act of 1962 (19 U.S.C. §1862), commonly referred as "Section 232."[8] These trade actions provoked foreign retaliatory tariffs that targeted U.S. agriculture as well as other sectors of the U.S. economy. The United States has also proposed additional trade actions under these and other statutory authorities that, if implemented, may lead to further retaliatory actions from U.S. trading partners.

International Emergency Economic Powers Act (IEEPA) Tariffs

Addressing Drug Trafficking and Illegal Immigration

On February 1, 2025, President Trump signed three executive orders imposing tariffs of 25% on imports from Canada (with a lower 10% tariff on energy resources) and Mexico, and a 10% tariff on imports from China, all beginning February 4, 2025.[9] These executive orders cited IEEPA as the underlying authority to impose tariffs. The executive orders cited the "failure" of the three governments in addressing issues such as drug trafficking and other criminal activities. On February 3, President Trump issued executive orders delaying the duties until March 4, citing steps taken by Canada and Mexico to address U.S. concerns on illegal migration and illicit drugs.[10] On March 3, President Trump increased the tariff on imports from China from 10% to 20% effective March 4, stating that China had not adequately addressed the illicit drug crisis.[11]

On March 6, President Trump issued executive orders further amending the original February 1 executive orders for Canada and Mexico by not imposing the additional 25% duties on goods that claim and qualify for preferential treatment under the U.S.-Mexico-Canada Agreement (USMCA) and lowering tariffs for potash imports to 10%.[12] Potash, the main source of potassium in

[8] For more background, see CRS Report R45618, *The International Emergency Economic Powers Act: Origins, Evolution, and Use*; CRS Insight IN11129, *The International Emergency Economic Powers Act (IEEPA), the National Emergencies Act (NEA), and Tariffs: Historical Background and Key Issues*; CRS Infographic IG10012, *The International Emergency Economic Powers Act (IEEPA) and the National Emergencies Act: Key Facts*; and CRS Insight IN12519, *Expanded Section 232 Tariffs on Steel and Aluminum*. For more information about U.S.-China tariff actions, see CRS In Focus IF12990, *U.S.-China Tariff Actions Since 2018: An Overview*.

[9] Executive Order 14193 of February 1, 2025, "Imposing Duties to Address the Flow of Illicit Drugs Across Our Northern Border," 90 *Federal Register* 9113, February 7, 2025; Executive Order 14194 of February 1, 2025, "Imposing Duties to Address the Situation at Our Southern Border," 90 *Federal Register* 9117, February 7, 2025; and Executive Order 14195 of February 1, 2025, "Imposing Duties to Address the Synthetic Opioid Supply Chain in the People's Republic of China," 90 *Federal Register* 9121, February 7, 2025. For more information about U.S.-Canada relations and the IEEPA tariffs, see CRS Insight IN12533, *U.S.-Canada Relations amid Tariffs Under the International Emergency Economic Powers Act*.

[10] Executive Order 14197 of February 3, 2025, "Progress on the Situation at Our Northern Border," 90 *Federal Register* 9183, February 10, 2025; and Executive Order 14198 of February 3, 2025, "Progress on the Situation at Our Southern Border," 90 *Federal Register* 9185, February 10, 2025.

[11] Executive Order 14228 of March 3, 2025, "Further Amendment to Duties Addressing the Synthetic Opioid Supply Chain in the People's Republic of China," 90 *Federal Register* 11463, March 7, 2025.

[12] Executive Order 14231 of March 6, 2025, "Amendment to Duties to Address the Flow of Illicit Drugs Across Our Northern Border," 90 *Federal Register* 11785, March 11, 2025; and Executive Order 14232 of March 6, 2025, "Amendment to Duties to Address the Flow of Illicit Drugs Across Our Southern Border," 90 *Federal Register* 11787, March 11, 2025.

fertilizer, is a key input for U.S. farmers. The United States imports about 97% of its potash fertilizer used each year, with Canada accounting for about 85% of imports by quantity.[13] U.S. tariff rates on fertilizer are generally duty-free, including under the United States' USMCA tariff schedule.[14]

China (in February) and Canada (in March) initiated World Trade Organization (WTO) dispute consultations with the United States in response to the IEEPA tariff actions.[15] In the March 24-25, 2025, WTO Committee on Agriculture meeting, Canada questioned whether the United States had considered the negative effects of the tariffs on factors such as food security, economic growth, agricultural sector supply chains, and inflation for food prices.[16] For more information about the WTO and the Agreement on Agriculture, see the text box below.

What Is the World Trade Organization and Agreement on Agriculture?

The World Trade Organization (WTO) is an international organization that administers the rules and agreements negotiated among its members to eliminate trade barriers and govern trade. The WTO provides for a "common institutional framework" to address multilateral trade relations among WTO members and to facilitate trade agreement negotiations, resolve trade disputes, administer trade rules, monitor trade policies, and provide technical assistance. The United States was a leading force behind the WTO's establishment in 1995.

As part of the results of the multilateral negotiations that established the WTO, several agreements covering trade in goods were agreed to among negotiating members. The WTO Agreement on Agriculture's main objective is to "reform agricultural trade so that it is closer to competitive market conditions." Under the Agreement on Agriculture, national agricultural policies—including domestic farm support, agricultural export subsidies, and restrictive import controls—were placed under a multilaterally agreed-upon set of disciplines. WTO members agreed to reform their domestic agricultural support policies, increase access to imports, and reduce export subsidies. The agreement also established a Committee on Agriculture. The Committee on Agriculture oversees and monitors the implementation of the agreement and provides a forum for members to consult with each other on agricultural trade issues as well as raise and address questions related to the agreement.

Source: WTO, *The WTO Agreements Series: Agriculture*, 3rd ed. (WTO, 2016).

Note: For more background on the WTO, see CRS In Focus IF10002, *World Trade Organization*.

"Reciprocal Tariffs" Addressing Trade Deficits

On April 2, 2025, President Trump signed an executive order imposing additional tariffs of 10% on most imports from most U.S. trading partners effective April 5, 2025, and additional country-specific tariffs on 57 trading partners effective April 9, 2025.[17] The April 2 executive order also

[13] Potassium fertilizer usage data from USDA, FAS, "Global Fertilizer Dashboard," September 10, 2024, https://www.fas.usda.gov/data/visualization-global-fertilizer-trade-dashboard. Potassium fertilizer import data from USDA, FAS, Global Agricultural Trade System Online, "Foreign Agricultural Trade of the United States" product grouping.

[14] United States International Trade Commission, "Chapter 31: Fertilizers," in *Harmonized Tariff Schedule (2025)*, March 14, 2025, https://hts.usitc.gov/; and Office of the U.S. Trade Representative (USTR), "Tariff Schedule of the United States," agreement between the United States of America, the United Mexican States, and Canada, July 1, 2020.

[15] WTO, "DS633: United States—Additional Tariff Measures on Goods from China," https://www.wto.org/english/tratop_e/dispu_e/cases_e/ds633_e.htm; and WTO, "DS634:United States—Additional Import Duties on Goods from Canada," https://www.wto.org/english/tratop_e/dispu_e/cases_e/ds634_e.htm.

[16] WTO, "View Question & Answer," in *Agriculture Information Management System*, accessed March 17, 2025, https://agims-qna.wto.org/public/Pages/en/ViewQnA_Validated.aspx?officialID=111129&caller=https://agims-qna.wto.org/public/Pages/en/SearchResult.aspx.

[17] Executive Order 14257 of April 2, 2025, "Regulating Imports with a Reciprocal Tariff to Rectify Trade Practices That Contribute to Large and Persistent Annual United States Goods Trade Deficits," 90 *Federal Register* 15041, April 7, 2025. A list of the country-specific tariffs (inclusive of the 10% imposed on most other trading partners) can be found at https://www.whitehouse.gov/wp-content/uploads/2025/04/Annex-I.pdf.

cited IEEPA as the underlying authority to impose tariffs. The executive order declared a national emergency due to

> underlying conditions, including a lack of reciprocity in our bilateral trade relationships, disparate tariff rates and [nontariff] barriers, and U.S. trading partners' economic policies that suppress domestic wages and consumption, as indicated by large and persistent annual U.S. goods trade deficits.[18]

The April 2 executive order's additional tariffs do not apply to Canada or Mexico. If the February 1 executive orders that imposed the drug-trafficking and illegal-immigration-related IEEPA tariffs on both countries are terminated, then both countries' imports would face a 12% tariff as a result of the April 2 executive order. The April 2 executive order excludes some key agricultural inputs such as potash, peat, veterinary vaccines, and certain pesticides.[19] Tariffs on China are cumulative to previous tariffs imposed. On April 8, 2025, President Trump signed an executive order increasing the "reciprocal tariff" on China from the original 34% to 84% effective April 10 in response to China's April 4 announcement of 34% retaliatory tariffs that went into effect April 10.[20] On April 9, President Trump signed another executive order raising the "reciprocal tariffs" on China to 125% effective April 10 in response to the April 9 announcement by China that it was increasing its retaliatory tariffs from 34% to 84% effective April 10.[21] See "China's Retaliatory Tariffs" for further background.

The April 9 executive order also suspended the country-specific tariffs effective April 10 until July 9, 2025, a total of 90 days. The additional 10% tariff for most trading partners is still in effect.

The Trump Administration applied a novel methodology to calculate the tariffs imposed in accordance with the April 2 executive order. Although the April 2 executive order cites nontariff barriers, including technical barriers to trade (TBT) and "sanitary and phytosanitary [SPS] measures that unnecessarily restrict trade without furthering safety objectives," as factors contributing to the persistent U.S. trade deficit, the methodology of calculating the country-specific "reciprocal tariffs" is not based on estimates of tariff and nontariff barriers implemented by countries on U.S.-specific or broader categories of products.[22] Instead, the "reciprocal tariff" calculations are based on the 2024 bilateral trade deficit with a country divided by the 2024 value of that country's imports into the United States, divided by two, making the assumption that the resulting tariff rate would "offset" any tariff and nontariff policies applied by the foreign country.[23] Many economists have questioned both the use of this methodology to calculate

[18] Executive Order 14257 of April 2, 2025, "Regulating Imports with a Reciprocal Tariff to Rectify Trade Practices That Contribute to Large and Persistent Annual United States Goods Trade Deficits."

[19] Oliver Ward, "Some Key Ag Inputs Exempt from Sweeping New Duties," April 4, 2025; and Ryan Hanrahan, "Key Ag Inputs Exempt from New Reciprocal Tariffs," *Farm Policy News*, April 7, 2025. A full list of products exempt from the April 2 tariffs can be found at https://www.whitehouse.gov/wp-content/uploads/2025/04/Annex-II.pdf.

[20] Executive Order 14259 of April 8, 2025, "Amendment to Reciprocal Tariffs and Updated Duties as Applied to Low-Value Imports from the People's Republic of China," 90 *Federal Register* 15509, April 14, 2025.

[21] Executive Order 14266 of April 9, 2025, "Modifying Reciprocal Tariff Rates to Reflect Trading Partner Retaliation and Alignment," 90 *Federal Register* 15625, April 15, 2025.

[22] USTR, "Reciprocal Tariff Calculations," accessed May 27, 2025, https://ustr.gov/sites/default/files/files/Issue_Areas/Presidential%20Tariff%20Action/Reciprocal%20Tariff%20Calculations.pdf. *Technical barriers to trade (TBT) measures* are related to mandatory compliance with regulatory requirements, voluntary standards, and conformity assessment procedures required by regulations or standards. *Sanitary and phytosanitary (SPS) measures* are laws, regulations, standards, and procedures that governments enforce to protect human, animal, or plant life or health.

[23] USTR, "Reciprocal Tariff Calculations," accessed April 4, 2025, https://ustr.gov/issue-areas/reciprocal-tariff-calculations.

country-specific tariffs and the Administration's claim that the tariff rates capture barriers to U.S. exports.[24] In the past, USDA's Economic Research Service (ERS) and other researchers have estimated the tariff equivalent of TBT and SPS measures for specific agricultural products or product groups, such as in a 2015 study on nontariff measures between the United States and EU.[25]

On May 12, 2025, the United States and China issued a joint statement that reduced U.S. "reciprocal tariffs" to 10% and China's retaliatory tariffs to the "reciprocal tariffs" to 10% effective May 14 for 90 days.[26]

Section 232 Steel, Aluminum, and Automotive Tariffs

On February 10, 2025, President Trump issued proclamations effective March 12, 2025, that modified tariffs on steel and aluminum, authorized under Section 232 of the Trade Expansion Act of 1962.[27] These tariffs were originally imposed during the first Trump Administration. The changes included eliminating country exemptions from tariffs negotiated during the Biden and first Trump Administrations. Effective April 4, 2025, certain beer products as aluminum derivative products were added to the list of imports subject to a Section 232 tariff of 25%.[28]

[24] Glenn Kessler, "Trump White House Cited Economists for Its Tariff Formula. They Pan It," *Washington Post*, April 4, 2025; Robert Farley and D'Angelo Gore, "Fact Check: Trump's Misleading Tariff Chart," *Roll Call*, April 4, 2025; Peter Foster and Sam Fleming, "Donald Trump Baffles Economists with Tariff Formula," *Financial Times*, April 3, 2025; Kevin Corinth and Stan Veuger, "President Trump's Tariff Formula Makes No Economic Sense. It's Also Based on an Error," American Enterprise Institute, April 4, 2025; Brent Neiman, "The Trump White House Cited My Research to Justify Tariffs. It Got It All Wrong," *New York Times*, April 7, 2025; Anjali V. Bhatt, "PIIE Experts React to Trump's Tariffs Announced April 2," Peterson Institute for International Economics, April 3, 2025; and Alan Cole, "Trump's Reciprocal Tariff Calculations Are Nonsense, Will Punish Mutually Beneficial Trade," Tax Foundation, April 3, 2025.

[25] Shawn Arita et al., *Estimating the Effects of Selected Sanitary and Phytosanitary Measures and Technical Barriers to Trade on U.S.-EU Agricultural Trade*, USDA, ERS, November 10, 2015. Other examples of studies estimating tariff equivalents on on-tariff measures include Olivier Cadot et al., *Estimating Ad Valorem Equivalents of Non-Tariff Measures: Combining Price-Based and Quantity-Based Approaches*, Organisation for Economic Co-operation and Development (OECD), OECD Trade Policy Papers No. 215, May 16, 2018; Xin Ning and Jason H. Grant, "New Estimates on the Ad-Valorem Equivalents of SPS Measures: Evidence from Specific Trade Concerns," selected paper prepared for presentation at the International Agricultural Trade Research Consortium's 2019 Annual Meeting, Washington, DC, December 2019; and Rui Mao et al., "Economic and Environmental Impacts of Agricultural Non-Tariff Measures: Evidence Based on *Ad Valorem* Equivalent Estimates," *International Food and Agribusiness Management Review*, vol. 26, no. 3 (2023), pp. 379-396.

[26] White House, "Joint Statement on U.S.-China Economic and Trade Meeting in Geneva," May 12, 2025, https://www.whitehouse.gov/briefings-statements/2025/05/joint-statement-on-u-s-china-economic-and-trade-meeting-in-geneva/.

[27] Proclamation 10896 of February 10, 2025, "Adjusting Imports of Steel into the United States," 90 *Federal Register* 9817, February 18, 2025; and Proclamation 10895 of February 10, 2025, "Adjusting Imports of Aluminum into the United States," 90 *Federal Register* 9807, February 18, 2025. For more information on Section 232 steel and aluminum tariffs, see CRS Insight IN12519, *Expanded Section 232 Tariffs on Steel and Aluminum*.

[28] Department of Commerce, Bureau of Industry and Security, "Implementation of Duties on Aluminum Derivatives Beer and Empty Aluminum Cans Pursuant to Proclamation 10895 Adjusting Imports of Aluminum into the United States," 90 *Federal Register* 14786, April 2025; and U.S. Customs and Border Protection (CBP), *Cargo Systems Messaging Service # 64639013 - Guidance: Section 232 Additional Aluminum Derivative Products*, April 3, 2025, https://content.govdelivery.com/bulletins/gd/usdhscbp-3da5025?wgt_ref=usdhscbp_widget_2. CBP indicated that beer classified under the Harmonized Tariff Schedule of the United States not in glass containers would be subject to the 25% tariff under Section 232.

Separately, on March 26, 2025, President Trump announced Section 232 tariffs on U.S. imports of automobiles effective April 3 and certain automobile parts effective May 3.[29]

Some U.S. trading partners, such as Canada and the EU announced retaliatory tariffs in response to Section 232 steel, aluminum, and automotive tariffs. To date, only the EU retaliatory tariffs have stated plans to target U.S. agricultural exports.[30]

What Retaliatory Tariffs Have Been Imposed on U.S. Agriculture in 2025?

In 2025, Canada, China, and the EU announced and/or imposed retaliatory tariffs that targeted U.S. agriculture.

Canada's Retaliatory Tariffs

On March 4, 2025, Canada implemented retaliatory tariffs of 25% on select U.S. imports in response to the IEEPA tariffs on Canadian imports that went into effect the same day.[31] According to analysis of 2024 Canadian import statistics, these tariffs targeted approximately $5.9 billion in U.S. agricultural goods.[32] By value, about 90% of the U.S. products facing retaliatory tariffs were consumer-oriented goods, including coffee, tea, orange juice, alcoholic beverages (i.e., beer, wine, distilled spirits), pasta, fruits (e.g., oranges, peaches), vegetables (e.g., tomatoes, preserved cucumbers), pecans, poultry, sausages, condiments (e.g., ketchup, mayonnaise, soy sauce), confections, dairy products (e.g., whey, cheese, milk), and tobacco products.

Canada announced its intention to implement a second round of tariffs on a proposed list of additional U.S. goods to be subject to a 25% tariff.[33] Products proposed for additional retaliation include meat (e.g., beef, pork, poultry), additional dairy products (e.g., butter, cheese), baked goods (e.g., toasted bread, waffles), nonbeverage ethanol, additional fruits (e.g., apples, cherries, strawberries), additional vegetables (e.g., onions, asparagus, lettuce), and tree nuts (e.g., almonds, walnuts).

Mexico's Retaliatory Tariffs

President of Mexico Claudia Sheinbaum reportedly planned to announce tariff and nontariff measures in response to the IEEPA tariffs on March 9 but instead held a "festival" to celebrate the

[29] Proclamation 10908 of March 26, 2025, "Adjusting Imports of Automobiles and Automobile Parts into the United States," 90 *Federal Register* 14705, April 3, 2025. For more background, see CRS Insight IN12545, *Section 232 Automotive Tariffs: Issues for Congress*.

[30] In May 2025, the United Kingdom and India notified the WTO of a proposed increase in tariffs on U.S. imports in response to the U.S. Section 232 steel and aluminum tariffs. Similarly, Japan notified the WTO of a proposed increase in tariffs on U.S. imports in response to the U.S. Section 232 tariffs on steel, aluminum, automobiles, and automobile parts. Neither country has released a list of products targeted for retaliation nor imposed retaliatory tariffs.

[31] Government of Canada, "List of Products from the United States Subject to 25 Per Cent Tariffs Effective March 4, 2025," March 4, 2025, https://www.canada.ca/en/department-finance/news/2025/03/list-of-products-from-the-united-states-subject-to-25-per-cent-tariffs-effective-march-4-2025.html. Canada originally planned to implement retaliatory tariffs on February 4, 2025, but delayed for another month after the United States delayed its 25% tariffs on Canada.

[32] CRS calculations from Trade Data Monitor and Statistics Canada.

[33] Government of Canada, "Notice of Intent to Impose Countermeasures in Response to United States Tariffs on Canadian Goods," March 7, 2025, https://www.canada.ca/en/department-finance/programs/consultations/2025/notice-intent-impose-countermeasures-response-united-states-tariffs-on-canadian-goods.html.

suspension of U.S. tariffs.[34] On March 7, President Sheinbaum stated that Mexico "would like to avoid imposing reciprocal tariffs" on U.S. goods and continue its dialogue with the United States but also would not rule out retaliatory tariffs.[35]

China's Retaliatory Tariffs

On February 10, China imposed retaliatory tariffs on certain U.S. goods in response to the 10% IEEPA tariffs on imports from China. These included a 10% tariff on U.S. agricultural machinery.[36] On March 10, China imposed additional tariffs of 10% or 15% in response to the United States' March 3 announcement of a 10% increase of tariffs on imported goods from China.[37] These tariffs included mostly agricultural products. According to 2024 import statistics of China, these tariffs targeted about $21.2 billion worth of U.S. agricultural imports.[38] By value, about 80% of the products facing retaliatory tariffs are bulk commodities, such as soybeans, cotton, sorghum, wheat, corn, and pulses. Consumer-oriented products targeted for retaliatory tariffs include beef, pork, poultry, dairy products (e.g., milk albumin, ice cream, cheese), fruit (e.g., cherries, oranges, apples), and tree nuts (e.g., pistachios, almonds, walnuts). Most of these products had faced retaliatory tariffs imposed by China during the first Trump Administration.

On April 4, 2025, in response to the United States' 34% IEEPA "reciprocal tariff" on imports from China, China announced an additional 34% tariff on all U.S. goods effective April 10.[39] On April 9, following the U.S. announcement that the "reciprocal tariff" on imports from China was increasing from 34% to 84%, China announced that it was increasing its original additional 34% tariff on U.S. goods to 84% effective April 10.[40] On April 11, China further increased tariffs on U.S. goods from 84% to 125% effective April 12 in response to the United States' April 10 increase of "reciprocal tariffs" on imports from China from 84% to 125%.[41] On May 12, 2025,

[34] Fabiola Sánchez, "Tens of Thousands of Mexicans Rally with President to Celebrate US Decision to Delay Tariffs," Associated Press, March 9, 2025.

[35] Government of Mexico, "Versión estenográfica. Conferencia de prensa de la presidenta Claudia Sheinbaum Pardo del 7 de abril de 2025 [Stenographic Version. Press Conference of President Claudia Sheinbaum Pardo]," April 7, 2025, https://www.gob.mx/presidencia/articulos/version-estenografica-conferencia-de-prensa-de-la-presidenta-claudia-sheinbaum-pardo-del-7-de-abril-de-2025?idiom=es; and Raul Cortes and Kylie Madry, "Mexico Seeks to Avoid Retaliatory Tariffs Against US, but Not Ruling Them Out," Reuters, April 7, 2025.

[36] Ministry of Finance of the People's Republic of China, "国务院关税税则委员会关于对原产于美国的部分进口商品加征关税的公告 [Announcement of the Customs Tariff Commission of the State Council on Imposing Additional Tariffs on Certain Imported Goods from the United States]," February 4, 2025, https://www.mof.gov.cn/zhengwuxinxi/caizhengxinwen/202502/t20250204_3955222.htm. For more information about U.S.-China tariff actions, see CRS In Focus IF12990, *U.S.-China Tariff Actions Since 2018: An Overview*.

[37] Ministry of Finance of the People's Republic of China, "国务院关税税则委员会关于对原产于美国的部分进口商品加征关税的公告 [Announcement of the Customs Tariff Commission of the State Council on Imposing Additional Tariffs on Certain Imported Goods from the United States]," March 4, 2025, https://gss.mof.gov.cn/gzdt/zhengcefabu/202503/t20250304_3959228.htm.

[38] CRS calculations from Trade Data Monitor and China Customs Statistics.

[39] Ministry of Finance of the People's Republic of China, "国务院关税税则委员会关于对原产于美国的进口商品加征关税的公告 [Announcement of the Customs Tariff Commission of the State Council on Imposing Additional Tariffs on Imported Goods from the United States]," April 4, 2025, https://gss.mof.gov.cn/gzdt/zhengcefabu/202504/t20250404_3961451.htm.

[40] Ministry of Finance of the People's Republic of China, "国务院关税税则委员会关于调整对原产于美国的进口商品加征关税措施的公告 [Announcement of the Customs Tariff Commission of the State Council on Adjusting Tariff Measures on Imported Goods from the United States]," April 9, 2025, https://gss.mof.gov.cn/gzdt/zhengcefabu/202504/t20250409_3961684.htm.

[41] Ministry of Finance of the People's Republic of China, "国务院关税税则委员会关于调整对原产于美国的进口商

(continued...)

China and the United States issued a joint statement that reduced China's retaliatory tariffs to the U.S. "reciprocal tariffs" to 10%, while the United States reduced its "reciprocal tariffs" to 10% effective May 14, 2025, for 90 days.[42] See ""Reciprocal Tariffs" Addressing Trade Deficits" for further background.

European Union Retaliatory Tariffs

On March 12, 2025, the EU announced that it would allow the suspension of its 2018 and 2020 tariff countermeasures against the United States to lapse on April 1, in response to U.S. steel and aluminum tariffs.[43] These tariffs targeted about $1.3 billion worth of U.S. agricultural imports, according to 2024 EU import data.[44] Whiskey products, which were targeted with a 50% tariff, accounted for nearly half of the value of targeted imports. Other products targeted included corn, rice, tobacco products, peanut butter, cranberries, kidney beans, and peanut butter, all of which were subject to a 25% tariff, and essential oils, subject to a 10% tariff.

Additionally, the EU announced that it would gather information from stakeholders to determine which additional U.S. imports to target with tariffs.[45] Proposed additional targets include agricultural products such as poultry, beef, tree nuts, alcoholic beverages (e.g., beer, wine), dairy products, fruits, and vegetables.[46]

On March 20, the European Commissioner for Trade and Economic Security announced that the EU would postpone the first set of tariffs set to be imposed on April 1 to mid-April.[47] The commissioner explained that the EU is considering aligning the timing of the two sets of countermeasures to consult with EU member states on both lists simultaneously in light of proposed additional U.S. tariffs for April 2.

On April 7, 2025, President of the European Commission Ursula von der Leyen stated that the EU is ready to negotiate with the United States and offered "zero-for-zero tariffs for industrial goods."[48] In past trade negotiations, agriculture has been a contentious issue between the two trading partners because of key differences in agricultural regulatory issues (e.g., EU

品加征关税措施的公告 [Announcement of the Customs Tariff Commission of the State Council on Adjusting Additional Tariff Measures on Imported Goods from the United States]," April 11, 2025, https://gss.mof.gov.cn/gzdt/zhengcefabu/202504/t20250411_3961823.htm.

[42] Ministry of Commerce of the People's Republic of China, "中美日内瓦经贸会谈联合声明 [Joint Statement on China-U.S. Economic and Trade Meeting in Geneva]," May 12, 2025, https://www.mofcom.gov.cn/xwfb/ldrhd/art/2025/art_8055948aadb5450598bf73d1aae6828e.html.

[43] European Commission (EC), "Commission Responds to Unjustified US Steel and Aluminium Tariffs with Countermeasures," March 12, 2025, https://ec.europa.eu/commission/presscorner/detail/en/ip_25_740.

[44] CRS calculations from Trade Data Monitor and Eurostat.

[45] EC, "Information Gathering Notice Under Regulation (EU) No 654/2014 on the New US Tariffs on Steel and Aluminium Products, and Possible EU Rebalancing Measures in Response," March 12, 2025, https://policy.trade.ec.europa.eu/consultations/information-gathering-notice-under-regulation-eu-no-6542014-new-us-tariffs-steel-and-aluminium_en.

[46] EC, "EU Countermeasures on US Steel and Aluminium Tariffs Explained," March 11, 2025, https://ec.europa.eu/commission/presscorner/api/files/document/print/en/qanda_25_750/QANDA_25_750_EN.pdf.

[47] EC, "Remarks by Commissioner Šefčovič at the Joint Hearing of the Committee on International Trade on Trade Relations with the United States and a Structured Dialogue," March 20, 2025, https://ec.europa.eu/commission/presscorner/api/files/document/print/en/speech_25_840/SPEECH_25_840_EN.pdf.

[48] EC, "Press Statement by President von der Leyen with Norwegian Prime Minister Støre," April 7, 2025, https://ec.europa.eu/commission/presscorner/api/files/document/print/en/statement_25_996/STATEMENT_25_996_EN.pdf.

biotechnology approval process, use of growth promotants in U.S. meat production, and geographical indications).[49]

On April 10, following the 90-day postponement of the United States' country-specific "reciprocal tariffs," President von der Leyen announced a hold for 90 days on retaliatory tariffs that were set to go into effect April 15.[50] On April 14, the EU released a list of U.S. products to be subject to retaliatory tariffs and suspended all planned tariff measures until July 14, 2025.[51] Bulk commodities targeted include soybeans, corn, durum wheat, and rice. Consumer-oriented products targeted include almonds, beef, processed cranberries, tobacco products, cranberry and orange juices, spices, peanut butter, dried egg yolk, bakery goods and pasta, and ice cream. Tariff rates for agricultural products listed are 25%, except for essential oils, which would face a 10% tariff. The EU-proposed tariffs targeted about $5.3 billion worth of U.S. agricultural products, according to 2024 EU import data.[52]

On May 8, 2025, the EU launched a public consultation on a list of U.S. agricultural and industrial imports that would be subject to retaliatory tariffs.[53] The consultation is in response to U.S. "reciprocal tariffs" and U.S. tariffs on automobiles and certain automobile parts.

2018 Through 2023 Trade Actions

What Retaliatory Tariffs Were Imposed on U.S. Agriculture in 2018 and 2019?

In response to U.S. tariff actions in 2018, certain trading partners of the United States responded with retaliatory tariffs on U.S. goods, including agricultural products.[54] In April 2018, China responded to U.S. Section 232 steel and aluminum tariffs with retaliatory tariffs on certain U.S. imports, including agricultural products (e.g., fruit, ginseng, pork, tree nuts, wine). In June 2018, Mexico, the EU, and Turkey responded to Section 232 tariffs with retaliatory tariffs. The agricultural products targeted included pork products, cheese, apples, potatoes, cranberries, and whiskey by Mexico; corn, rice, sweet corn, kidney beans, certain breakfast cereals, peanut butter, orange juice, cranberry juice, whiskey, cigars, tobacco products, and essential oils by the EU; and tree nuts, rice, and tobacco by Turkey. In July 2018, Canada responded with retaliatory tariffs on U.S. products, including dairy, poultry, and beef products; coffee, chocolate, sugar, and

[49] For more background about U.S.-European Union agricultural trade relations, see CRS Report R47095, *U.S.-EU Trade Relations*; and CRS Report R46241, *U.S.-EU Trade Agreement Negotiations: Trade in Food and Agricultural Products*.

[50] EC, "Statement by President von der Leyen," April 10, 2025, https://ec.europa.eu/commission/presscorner/api/files/document/print/en/statement_25_1036/STATEMENT_25_1036_EN.pdf; and EC, "Commission Proposal to Impose Trade Countermeasures Against US Obtains Necessary Support from EU Member States," April 9, 2025, https://ec.europa.eu/commission/presscorner/api/files/document/print/en/statement_25_1025/STATEMENT_25_1025_EN.pdf.

[51] EC, "EU Pauses Countermeasures Against US Tariffs to Allow Space for Negotiations," April 14, 2025, https://ec.europa.eu/commission/presscorner/detail/en/ip_25_1058. The EU originally planned to implement tranches of retaliatory tariffs effective April 15, May 16, and December 1, 2025, prior to the April 14 postponement announcement.

[52] CRS calculations from Trade Data Monitor and Eurostat.

[53] EC, "Commission Consults on Possible Countermeasures and Readies WTO Litigation in Response to US Tariffs," May 8, 2025, https://ec.europa.eu/commission/presscorner/api/files/document/print/en/ip_25_1149/IP_25_1149_EN.pdf.

[54] For background, see CRS Report R45903, *Retaliatory Tariffs and U.S. Agriculture*; and CRS Report R45929, *China's Retaliatory Tariffs on U.S. Agriculture: In Brief*.

confectionery; prepared food products; condiments; bottled water; and whiskies. India imposed retaliatory tariffs in June 2019 targeting U.S. chickpeas, almonds, walnuts, apples, and lentils.

Separate from the Section 232 tariffs and retaliatory tariffs, the United States also imposed tariffs on China under Title III of the Trade Act of 1974 (19 U.S.C. §§2411-2420), commonly referred as "Section 301," starting in July 2018. Between 2018 and 2019, the United States and China imposed several rounds of tariffs and retaliatory tariffs. Nearly all U.S. agricultural products faced retaliatory tariffs. In September 2019, China announced a tariff exclusion list for certain U.S. products subject to Section 301 retaliatory tariffs, including agricultural products such as alfalfa and whey for feed use.[55] In February 2020, China announced a tariff exclusion process for Chinese companies impacted by the Section 301 retaliatory tariffs on U.S. imports.[56]

According to one analysis, during the 2018/2019 trade conflict, agricultural products accounted for 68% of China's Section 232 retaliation, 22% of China's Section 301 retaliation, 33% of the EU's retaliation, 20% of Canada's retaliation, 79% of Mexico's retaliation, nearly 20% of Turkey's retaliation, and 61% of India's retaliation.[57]

In May 2019, the United States removed Section 232 tariffs on Canada and Mexico, and in turn, Canada and Mexico removed retaliatory tariffs on the United States to facilitate the ratification of USMCA.[58]

Following an October 2021 agreement between the United States and the EU on the Section 232 tariffs, the EU suspended retaliatory tariffs that included U.S. agricultural products from January 2022 to the end of December 2023, and later extended the suspension to the end of March 2025.[59] The EU postponed imposing retaliatory tariffs in order to assess the planned U.S. April 2, 2025, "reciprocal tariffs" announcement and postponed again in response to the U.S. 90-day pause of country-specific "reciprocal tariffs."[60] EU retaliatory tariffs are suspended until July 14, 2025. See "European Union Retaliatory Tariffs" for further background.

The United Kingdom (UK) suspended Section 232 retaliatory tariffs effective June 2022.[61] The UK inherited the original EU retaliatory tariffs when the UK separated from the EU customs union in January 2021.

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[55] USDA, FAS, *Outcome of Batch One of China's Tariff Exclusion Process*, GAIN Report CH19061, September 18, 2019, https://apps.fas.usda.gov/newgainapi/api/Report/DownloadReportByFileName?fileName=Outcome%20of%20Batch%20One%20of%20China%E2%80%99s%20Tariff%20Exclusions%20Process%20_Beijing_China%20-%20Peoples%20Republic%20of_9-17-2019.

[56] USDA, FAS, *China Announces a New Round of Tariff Exclusions*, GAIN Report CH2020-0017, February 26, 2020, https://apps.fas.usda.gov/newgainapi/api/Report/DownloadReportByFileName?fileName=China%20Announces%20a%20New%20Round%20of%20Tariff%20Exclusions_Beijing_China%20-%20Peoples%20Republic%20of_02-18-2020.

[57] Jason H. Grant et al., "Agricultural Exports and Retaliatory Trade Actions: An Empirical Assessment of the 2018/2019 Trade Conflict," *Applied Economic Perspectives and Policy*, vol. 43, no. 2 (June 2021), p. 18.

[58] Ana Swanson and Dan Bilefsky, "United States Reaches Deal to Lift Metal Tariffs on Canada and Mexico," *New York Times*, May 17, 2019.

[59] EC, "EU Prolongs Tariff Suspension for US Products Related to the Steel and Aluminium Dispute," December 19, 2023, https://ec.europa.eu/commission/presscorner/api/files/document/print/en/ip_23_6713/IP_23_6713_EN.pdf.

[60] EC, "EU Countermeasures on US Steel and Aluminium Tariffs Explained," March 11, 2025, https://ec.europa.eu/commission/presscorner/api/files/document/print/en/qanda_25_750/QANDA_25_750_EN.pdf; and EC, "EU Pauses Countermeasures Against US Tariffs to Allow Space for Negotiations," April 14, 2025, https://ec.europa.eu/commission/presscorner/detail/en/ip_25_1058.

[61] Government of the United Kingdom, "UK and US Resolve Steel and Aluminium Tariffs Issue," March 22, 2022, https://www.gov.uk/government/news/uk-and-us-resolve-steel-and-aluminium-tariffs-issue.

In September 2023, India removed retaliatory tariffs on U.S. almonds, apples, chickpeas, lentils, and walnuts following a June 2023 resolution between the United States and India that terminated six nonagricultural WTO disputes.[62]

Were U.S. Agricultural Exports Affected by Retaliatory Tariffs?

The retaliatory tariffs were one of many factors that influenced agricultural exports. **Table 3** displays U.S. agricultural exports to retaliating and non-retaliating trading partners from 2017 to 2020 in nominal values. Although China, Canada, Mexico, the EU, and Turkey imposed retaliatory tariffs in the spring and summer of 2018, total U.S. agricultural exports from 2017 compared to 2018 increased by 1%. While exports to China declined by 53%, other U.S. agricultural export markets (e.g., the EU, Vietnam, South Korea, Egypt) saw an increase of exports that offset the decline in exports to China. The total value of U.S. agricultural exports declined in 2019 and 2020 relative to 2018 levels and remained similar to 2017 levels. Although foreign tariffs impact the competitiveness of U.S. agricultural exports in relation to other foreign suppliers, other factors may contribute to U.S. trade flows because of unique dynamics of specific commodities. This section provides a snapshot of select major U.S. agricultural exports between 2017 and 2020 that were impacted by retaliatory tariffs, to illustrate the role of tariffs and nontariff factors on agricultural trade flows.

Table 3. U.S. Agricultural Exports to Retaliating and Non-Retaliating Trading Partners, 2017 to 2020

In Billions of Dollars (nominal)

Trading Partner	2017	2018	2019	2020
U.S. exports to retaliating trading partners				
China	19.6	9.2	13.9	26.4
Canada	21.7	22.0	21.9	22.3
Mexico	18.8	19.3	19.4	18.3
EU-28	12.4	14.5	12.6	12.1
India	1.9	1.8	2.1	1.7
Turkey	1.8	1.5	1.3	1.2
U.S. exports to non-retaliating trading partners	66.7	76.4	69.9	67.6
Total U.S. agricultural exports	**142.9**	**144.7**	**141.1**	**149.7**

Source: CRS from USDA, GATS data (BICO-10).

Notes: Data are not just adjusted for inflation. Values may not sum to totals shown because of rounding. EU-28 = the European Union customs union and its 28 member countries, which included the United Kingdom until it left in January 2021.

Soybeans

Table 4 presents annual total U.S. soybean exports from 2017 to 2020, broken down by major markets (i.e., China, the EU, Mexico, and Egypt) and the rest of the world combined. China imposed retaliatory tariffs on U.S. soybeans starting in 2018, which is reflected in a 74% decline

[62] USDA, FAS, *Success Story – India Cuts Retaliatory Tariffs on US Almonds-Apples-Walnuts-Chickpeas-Lentils*, GAIN Report IN2023-0066, September 12, 2023 and USTR, "United States Announces Major Resolution on Key Trade Issues with India," June 22, 2023.

in exports by value in 2018 compared to 2017. Between 2009 and 2017, nearly 60% of U.S. soybean exports by value on average were destined for China. Other U.S. trading partners such as the EU, Mexico, and Egypt increased imports of U.S. soybeans but not at levels to replace the shortfall from the decline of China's imports. USDA attributed the increased imports of U.S. soybeans from trading partners other than China to factors such as more competitive prices of U.S. soybeans following China's retaliatory tariffs, Brazil-sourced soybeans commanding a price premium, and tighter supplies from Argentina because of drought.[63] Another factor that may have affected China's imports for soybeans from the United States and other suppliers was dampened demand for animal feed because of the spread of African swine fever in China beginning in the summer of 2018 and the culling of 750,000 to 1.1 million swine.[64]

Table 4. U.S. Soybean Exports, 2017 to 2020

In Millions of Dollars (nominal)

Trading Partner	2017	2018	2019	2020
China	12,224.4	3,119.2	8,004.9	14,065.7
EU-28	1,636.7	3,077.5	1,953.2	1,970.8
Mexico	1,574.2	1,818.0	1,878.1	1,879.8
Egypt	364.5	1,163.5	994.7	1,486.2
Rest of world	5,656.5	7,879.8	5,862.8	6,113.7
Total U.S. soybean exports	**21,456.3**	**17,058.1**	**18,693.6**	**25,516.2**

Source: CRS from USDA, GATS data (BICO-10).

Notes: Data are not adjusted for inflation. Values may not sum to totals shown because of rounding. EU-28 = the European Union customs union and its 28 member countries, which included the United Kingdom until it left in January 2021.

Corn

Annual total U.S. corn exports from 2017 to 2020 are displayed in **Table 5**, broken down by select markets and the rest of the world. China and the EU imposed tariffs on U.S. corn in 2018. In 2018, EU imports initially surged prior to the imposition of June 2018 retaliatory tariffs and dwindled afterward, which resulted in a total of about $320 million of U.S. corn exported to the EU in 2018, which dropped to about $510,000 in 2019. U.S. corn exports to China also saw declines in 2018 and 2019 compared to 2017. Historically, U.S. corn exports to China varied from year to year even before the implementation of retaliatory tariffs. The United States has cited past issues affecting U.S. corn market access into China, including China's biotechnology policy, policy in liquidating domestic corn stocks, and lack of transparency in how China administers its tariff-rate quota for corn (as well as rice and wheat).[65] According to USDA, multiple factors

[63] USDA, FAS, *EU-28: Oilseeds and Products Update – Lowest Rapeseed Crop in Over a Decade*, GAIN Report AU1907, September 12, 2019; USDA, FAS, *Mexico: Oil Seeds and Products Annual: Lack of Supports to Slow Oilseed Production, While Meal and Oil Remain Stable*, GAIN Report MX9014, April 1, 2019; and USDA, FAS, *Egypt: Oilseeds and Products Annual 2019: U.S. Soybean Exports to Egypt Skyrocket, Volume Likely to Continue Through 2020*, GAIN Report EG19004, March 31, 2019.

[64] Stephen Morgan et al., *The Economic Impacts of Retaliatory Tariffs on U.S. Agriculture*, USDA, ERS, January 2022, p. 25; and Fred Gale et al., *How China's African Swine Fever Outbreaks Affected Global Pork Markets*, USDA, ERS, November 2023, p. 12.

[65] USTR, *2019 Report to Congress on China's WTO Compliance*, March 2020, p. A-69; and USTR, *2022 Report to Congress on China's WTO Compliance*, February 2023, pp. 31-32. Tariff-rate quotas (TRQs) are two-tiered (continued...)

contributed to the decline in U.S. corn exports in 2019, including higher U.S. prices due to reduced production and strong domestic use for feed and ethanol, and export competition from Argentina, Brazil, and Ukraine.[66] In 2020, U.S. corn exports to China increased 2,136% from the previous year following the U.S.-China Phase One Agreement and China's exclusions for Section 301 retaliatory tariffs on agricultural products.[67]

Table 5. U.S. Corn Exports, 2017 to 2020

In Millions of Dollars (nominal)

Trading Partner	2017	2018	2019	2020
Mexico	2,645.5	3,060.8	2,735.9	2,685.2
Japan	2,163.4	2,813.0	2,011.2	1,855.5
China	142.0	50.2	55.5	1,240.5
Colombia	784.7	927.3	682.5	879.2
South Korea	705.4	1,355.7	358.7	548.1
EU-28	113.2	319.8	0.5	0.4
Rest of world	2,576.4	3,945.5	1,826.4	2,037.1
Total U.S. corn exports	**9,130.6**	**12,472.4**	**7,670.6**	**9,245.9**

Source: CRS from USDA, GATS data (BICO-10).

Notes: Data are not just adjusted for inflation. Values may not sum to totals shown because of rounding. EU-28 = the European Union customs union and its 28 member countries, which included the United Kingdom until it left in January 2021.

Tree Nuts

Table 6 displays U.S. tree nut exports, broken down by top export markets in addition to Turkey and the rest of the world. Starting in mid-2018, China and Turkey imposed retaliatory tariffs on U.S. tree nuts (e.g., almonds, cashews, pistachios, walnuts). In June 2019, India imposed retaliatory tariffs on U.S. almonds and walnuts. Generally, from 2017 to 2020, U.S. exports of tree nuts by value increased yearly despite the imposition of retaliatory tariffs. USDA attributed strong domestic demand in China and India for tree nuts as driving U.S. export growth.[68] Other factors that favored U.S. tree nut export growth were the United States' share in world production and trade, particularly for almonds and walnuts, as well as a steep drop-off in Iranian pistachio production and exports because of a weather shock in marketing year 2018/2019.[69] Despite Turkey's retaliatory tariffs, the United States was still a major source of almond and walnut imports for Turkey but with decreasing market share after 2018.[70]

applications of tariffs for an imported product. A specified quantity of imports (in-quota) enters the importing country at a reduced tariff rate. Imports that exceed the quantity (out-of-quota or over-quota) typically face higher tariffs.

[66] USDA, FAS, *2019 United States Agricultural Export Yearbook*, July 22, 2020, pp. 5-6.

[67] USDA, FAS, *2020 United States Agricultural Export Yearbook*, April 5, 2021, p. 6; and USDA, FAS, *China: Grain and Feed Annual*, GAIN Report CH2020-0048, April 6, 2020.

[68] USDA, FAS, *2019 United States Agricultural Export Yearbook*, pp. 27-28; and USDA, FAS, *2020 United States Agricultural Export Yearbook*, pp. 29-30.

[69] USDA, FAS, *2019 United States Agricultural Export Yearbook*, p. 28; and USDA, FAS, *2020 United States Agricultural Export Yearbook*, p. 30; and USDA, FAS, *Tree Nuts: World Markets and Trade*, February 2019.

[70] USDA, FAS, *Turkey: Tree Nuts Annual*, GAIN Report TU2020-0031, September 23, 2020.

Table 6. U.S. Tree Nut Exports, 2017 to 2020

In Millions of Dollars (nominal)

Trading Partner	2017	2018	2019	2020
EU-28	2,707.2	2,768.5	3,114.9	2,877.8
India	738.0	662.5	823.2	913.6
China	242.9	328.3	605.4	747.2
Canada	642.7	695.8	697.4	738.2
Turkey	308.4	278.9	340.4	249.8
Rest of world	3,840.0	3,781.3	3,493.2	2,873.0
Total U.S. tree nut exports	**8,479.4**	**8,515.5**	**9,074.5**	**8,399.6**

Source: CRS from USDA, GATS data (BICO-10).

Notes: Data are not just adjusted for inflation. Values may not sum to totals shown because of rounding. EU-28 = the European Union customs union and its 28 member countries, which included the United Kingdom until it left in January 2021.

Pork

Table 7 displays U.S. pork and pork product exports, broken down by the top five export markets and the rest of the world. China and Mexico imposed tariffs on U.S. pork and pork product exports in mid-2018, with Mexico lifting tariffs in mid-2019. U.S. pork exports to China dropped 14% by value between 2017 and 2018. In 2019, U.S. pork exports to China rebounded despite the retaliatory tariffs, which USDA attributes to decreased domestic pork production in China caused by African swine fever outbreaks.[71] U.S. pork exports to Mexico declined 13% by value from 2017 to 2018, while Canada gained market share in 2018.[72] Despite Mexico lifting its tariffs, U.S. pork exports declined from 2018 to 2020, which USDA attributes to strong domestic production, a weak Mexican economy, and depreciation of the peso.[73]

[71] USDA, FAS, *China: Livestock and Products Annual*, GAIN Report CH2019-0205, August 7, 2020; Fred Gale et al., *How China's African Swine Fever Outbreaks Affected Global Pork Markets*, pp. 20-21; and Frank Kyekyeku Nti et al., "Impact of Retaliatory Tariffs on the U.S. Pork Sector," *Choices* (Quarter 4, 2019).

[72] USDA, FAS, *Mexico: Livestock and Products Annual: Higher Pork Consumption Drives Production as Mexico Increases Exports of Pork and Beef*, GAIN Report MX9027, August 15, 2019; and Frank Kyekyeku Nti et al., "Impact of Retaliatory Tariffs on the U.S. Pork Sector."

[73] USDA, FAS, *2019 United States Agricultural Export Yearbook*, p. 17; and USDA, FAS, *2020 United States Agricultural Export Yearbook*, p. 17.

Table 7. U.S. Pork and Pork Product Exports, 2017 to 2020

In Millions of Dollars (nominal)

Trading Partner	2017	2018	2019	2020
China	662.3	570.9	1,300.2	2,279.8
Japan	1,625.9	1,630.5	1,523.4	1,622.9
Mexico	1,514.1	1,310.7	1,278.4	1,162.3
Canada	792.8	764.8	801.8	854.0
South Korea	475.1	670.3	592.9	452.6
Rest of world	1,415.0	1,455.4	1,454.8	1,347.8
Total U.S. pork and pork products	**6,485.1**	**6,402.8**	**6,951.5**	**7,719.6**

Source: CRS from USDA, GATS data (BICO-10).

Notes: Data are not just adjusted for inflation. Values may not sum to totals shown because of rounding.

Were U.S. Farm Sector Sales Affected by Retaliatory Tariffs?

The retaliatory tariffs were one of many factors that influenced U.S. farm sector sales. The farm sector earns revenue from the sales of crops, livestock, and animal products. The total value of these commodities was approximately $370 billion in 2017, $372 billion in 2018, $369 billion in 2019, and $368 billion in 2020 (**Table 8**). Compared to 2017 levels, the total value of crops, livestock, and animal products sold was approximately $1.6 billion higher in 2018, $1.1 billion lower in 2019, and $2.9 billion lower in 2020.

Table 8. Value of Crops, Livestock, and Animal Products Sold, 2017 to 2020

In Billions of Dollars (nominal)

Type of commodity	2017	2018	2019	2020
Crops				
Cotton	$7.57	$7.48	$6.82	$6.81
Feed crops	$53.92	$57.29	$58.42	$57.52
Food grains	$11.20	$12.13	$11.51	$11.78
Fruits and nuts	$30.59	$29.35	$29.19	$27.83
Oil crops	$41.09	$39.47	$36.22	$43.84
Tobacco	$1.38	$1.22	$0.96	$0.82
Vegetables and melons	$20.50	$18.70	$19.11	$21.06
All other crops	$28.62	$30.35	$31.53	$32.83
Livestock and animal products				
Dairy products	$37.94	$35.24	$40.55	$40.36
Cattle and calves	$66.94	$67.18	$66.19	$63.32
Hogs	$21.04	$20.77	$21.76	$19.16
Miscellaneous livestock	$6.86	$6.94	$7.06	$7.00
Poultry and eggs	$42.79	$45.96	$40.00	$35.17
Total	**$370.44**	**$372.07**	**$369.32**	**$367.50**

Source: CRS calculations using USDA, Economic Research Service, "Farm Income and Wealth Statistics - Value Added by the U.S. Agricultural Sector, 2016-2025F," updated February 2025, https://data.ers.usda.gov/reports.aspx?ID=4047.

Notes: Feed crops include barley, corn, hay, oats, and grain sorghum. Food grains include rice, rye, and wheat. Dairy products includes milk.

While the total value of crops, livestock, and animal products sold remained relatively level from 2017 to 2020, sales were variable for all categories of commodities over this period. In 2018, the value of feed grains, food grains, cattle and calves, poultry and eggs, and all other crops increased relative to 2017 levels; the total value of other agricultural commodities sold declined in 2018 relative to 2017 levels (**Table 8**). In 2019, the value of feed grains, food grains, all other crops, dairy, hogs, and miscellaneous livestock increased relative to 2017 levels, while the total value for other agricultural commodities declined relative to 2017 levels.

Changes in market prices between 2017 and 2020 contributed to the changes in the values of commodities sold each year. For example, retaliatory tariffs imposed in 2018 targeted specific agricultural commodities, including almonds, fresh sweet cherries, corn, cotton, hogs, milk, sorghum, soybeans, and wheat. Compared to 2017, 2018 marketing year average prices were higher for corn, upland cotton, sorghum, and wheat and lower for the other targeted commodities (**Table 9**). Compared to 2017, 2019 marketing year average prices were higher for corn, milk, and sorghum and lower for the other targeted commodities. Compared to 2017, 2020 marketing year average prices were higher for fresh sweet cherries, corn, milk, sorghum, soybeans, and wheat and lower for the other targeted commodities.

Table 9. Marketing Year Average Prices for Selected Agricultural Commodities, 2017 to 2020

In Dollars per Unit (Nominal)

Commodity	Unit	2017	2018	2019	2020
Almonds	Pound	$2.53	$2.50	$2.45	$1.71
Cherries (fresh sweet)	Ton	$2.06	$1.83	$1.93	$2.92
Corn	Bushel	$3.36	$3.61	$3.56	$4.53
Cotton (extra long staple)	Pound	$1.39	$1.15	$1.06	$1.19
Cotton (upland)	Pound	$0.69	$0.70	$0.60	$0.66
Hogs	Hundredweight	$53.10	$50.20	$51.40	$46.90
Milk	Hundredweight	$17.69	$16.28	$18.65	$18.16
Sorghum	Hundredweight	$5.75	$5.82	$5.96	$9.00
Soybeans	Bushel	$9.33	$8.48	$8.57	$10.80
Wheat	Bushel	$4.72	$5.16	$4.58	$5.05

Source: CRS using USDA, National Agricultural Statistics Service, "Quick Stats," accessed March 14, 2025.

What Were the Economic Losses to the U.S. Agricultural Sector from Retaliatory Tariffs in 2018 and 2019?

Various studies have estimated losses to the U.S. agricultural sector associated with retaliatory tariffs; these studies employ different methodologies and provide differing estimates of losses

attributable to retaliatory tariffs.[74] Estimates of economic losses made by USDA's Office of the Chief Economist (OCE) in 2018 and 2019 had extra significance for policymakers as they were used to inform USDA's responses to retaliatory tariffs in 2018 and 2019 (see "USDA's Response to Retaliatory Tariffs").[75]

USDA OCE estimated that the 2018 economic losses were between $11 billion and $12 billion.[76] According to USDA figures reported by the Government Accountability Office (GAO), $10.2 billion of the estimated $11 billion to $12 billion were for losses to almonds, fresh sweet cherries, corn, cotton, dairy, hogs, sorghum, soybeans, and wheat.[77] According to USDA figures reported by GAO, USDA OCE estimated that the 2019 economic losses for agricultural and related commodities were approximately $16.9 billion.[78]

In January 2022, USDA ERS published updated estimates of trade losses. ERS reported estimates of approximately $27 billion in trade losses between July 2018 and December 2019.[79] ERS reported that China's retaliatory tariffs reduced the value of U.S. agricultural trade by approximately $25.7 billion, and retaliatory tariffs imposed by other countries reduced the value of U.S. agricultural trade by approximately $1.5 billion. ERS reported estimated annualized losses for some commodities, including $9.35 billion for soybeans, $854 million for sorghum, $646 million for pork, $618 million for fruits, $391 million for dairy, $366 million for cotton, $309 million for wheat, $219 million for tree nuts, $198 million for corn, and $46 million for rice.

USDA OCE estimated economic losses in 2018 and 2019 by projecting hypothetical scenarios of world trade that could have occurred had retaliatory tariffs not been imposed on U.S. agricultural products. USDA OCE made those projections before data on actual exports were available for the year as part of USDA's efforts to "craft a short-term relief strategy to protect agricultural producers" in accordance with Presidential directives.[80] Updating such projections with subsequently available data suggests that USDA OCE may have overestimated trade losses in 2018 and 2019. Actual agricultural exports were approximately $145 billion in 2018 and approximately $141 billion in 2019 (**Table 3**). These values compare to agricultural exports in 2015, 2016, and 2017 of $137 billion, $139 billion, and $143 billion, respectively. USDA's

[74] See, for example, USDA, ERS, *The Economic Impacts of Retaliatory Tariffs on U.S. Agriculture*, ERR-304, January 2022.

[75] USDA, *Cost Benefit Analysis: Market Facilitation Program*, July 24, 2018; USDA, "USDA Announces Support for Farmers Impacted by Unjustified Retaliation and Trade Disruption," press release, May 23, 2019; USDA Office of the Chief Economist (OCE), *Trade Damage Estimation for the Market Facilitation Program and Food Purchase and Distribution Program*, September 13, 2018; and USDA OCE, *Trade Damage Estimation for the 2019 Market Facilitation Program and Food Purchase and Distribution Program*, August 22, 2019.

[76] USDA, "USDA Assists Farmers Impacted by Unjustified Retaliation," press release, July 24, 2018, https://www.usda.gov/about-usda/news/press-releases/2018/07/24/usda-assists-farmers-impacted-unjustified-retaliation. In the press release, USDA stated that they were authorizing "up to $12 billion in programs, which is in line with the estimated $11 billion impact of the unjustified retaliatory tariffs on U.S. agricultural goods."

[77] CRS calculations using data in GAO, "Appendix III: 2018 MFP and 2019 MFP Trade Damage Estimate and Payment Methodologies," in *USDA Market Facilitation Program: Stronger Adherence to Quality Guidelines Would Improve Future Economic Analyses*, GAO-22-468, November 2021, https://www.gao.gov/assets/gao-22-468.pdf.

[78] CRS calculations using data in GAO, "Appendix III: 2018 MFP and 2019 MFP Trade Damage Estimate and Payment Methodologies," in *USDA Market Facilitation Program: Stronger Adherence to Quality Guidelines Would Improve Future Economic Analyses*. Related commodities included distiller's dried grains with solubles, ethanol, peanut butter, infant formula, ice cream, casein, and lactose.

[79] USDA, ERS, *The Economic Impacts of Retaliatory Tariffs on U.S. Agriculture*, ERR-304, January 2022.

[80] USDA, "USDA Assists Farmers Impacted by Unjustified Retaliation," press release, July 24, 2018.

estimated economic losses imply that USDA effectively projected agricultural exports in 2018 and 2019 to be approximately $157 billion in the absence of retaliatory tariffs.[81]

USDA ERS reported estimated trade losses for 2018 and 2019 at levels similar to USDA OCE's estimates. To calculate these estimated trade losses, USDA ERS used estimates published in an academic study with a different methodology than had been used by USDA OCE in 2018 and 2019.[82] This methodology is one of many that are commonly used in the academic literature to estimate economic losses from retaliatory tariffs. Other commonly used methodologies may estimate different losses. For example, a different academic study found that total 2018 and 2019 economic losses for soybeans were $3.2 billion;[83] USDA OCE estimated soybean losses at $3.6 billion for 2018 alone.[84] That study found that USDA overcompensated the agricultural sector by $5.4 billion for soybean losses in 2018 and 2019.[85]

Methods used to estimate trade losses from retaliatory tariffs can produce different estimates depending on the data used. USDA OCE produced estimates in 2018 after spring planting was complete but before 2018 commodities were harvested. In 2019, USDA OCE produced estimates before farmers had finished spring planting. USDA OCE acted at those times in support of the Administration's goal of providing expedited assistance to farmers who experienced trade disruptions with major export markets. Some policymakers may agree with the Administration's decision to provide expedited assistance to farmers in 2018 and 2019. Other policymakers may question the need for expedited assistance in 2018 and 2019 given the availability of other farm support programs.[86]

In addition, methods used to estimate trade losses can produce different estimates depending on the assumptions applied. In their 2021 analysis of the Market Facilitation Program (MFP), GAO found that USDA OCE's 2018 estimates of economic losses "used a justifiable baseline" to model what trade would have been in the absence of retaliatory tariffs.[87] GAO also found that USDA OCE's 2019 estimates of economic losses "used baselines that did not best represent what trade would be absent the retaliatory tariffs, and that increased trade damage estimates." In their response to GAO's 2021 analysis, USDA OCE stated that

> [t]he draft report's finding that the 2019 baseline is not representative and increased trade damage estimates does not take into account that the decision on what is the appropriate baseline depends on the policy goals and that there is not one single most representative baseline. OCE provided alternatives that reflected different options based on the direction of senior USDA decision makers under the previous administration and selection of the baseline was part of the program design and not made by OCE.[88]

[81] CRS calculations. Actual 2018 trade of $145 billion plus $12 billion in estimated trade losses is $157 billion. Actual 2019 trade of $141 billion plus $16 billion in estimated trade losses is $157 billion.

[82] USDA ERS used estimated product-specific changes in the value of exports as published in Jason H. Grant et al., "Agricultural Exports and Retaliatory Trade Actions: An Empirical Assessment of the 2018/2019 Trade Conflict," *Applied Economic Perspectives and Policy*, vol. 43, no. 2 (June 2021).

[83] Michael Adjemian et al., "Estimating the Market Effect of a Trade War: The Case of Soybean Tariffs," *Food Policy*, vol. 105 (December 2021).

[84] USDA, *Cost Benefit Analysis: Market Facilitation Program*, July 24, 2018.

[85] Michael Adjemian et al., "Estimating the Market Effect of a Trade War: The Case of Soybean Tariffs."

[86] For background on other farm support programs, see CRS In Focus IF12218, *Farm Bill Primer: Farm Safety Net Programs*.

[87] GAO, *USDA Market Facilitation Program: Stronger Adherence to Quality Guidelines Would Improve Future Economic Analyses*.

[88] GAO, "Appendix VIII: Comments from the Department of Agriculture," in *USDA Market Facilitation Program: Stronger Adherence to Quality Guidelines Would Improve Future Economic Analyses*, p. 86.

USDA OCE also noted that their 2018 and 2019 economic analyses adhered to departmental and Office of Management and Budget requirements for economic analyses. Some policymakers may support USDA's senior decisionmakers' reliance on USDA OCE to estimate economic losses in order to be timely and responsive to decisionmakers' requirements. Other policymakers may support the use of independent feedback on USDA OCE's economic analyses used to inform USDA policymaking.

What Were the U.S.-China Phase One Agreement Provisions for Agriculture?

In January 2020, President Trump and China's Vice Premier Liu He signed the "Economic and Trade Agreement Between the Government of the United States of America and the Government of the People's Republic of China" (U.S.-China Phase One Agreement) to reduce U.S.-China trade tensions that escalated in 2018 when the United States imposed several rounds of tariffs on imports from China under Section 232 of the Trade Expansion Act of 1962 and Section 301 of the Trade Act of 1974 authorities.[89] The Phase One Agreement included purchase commitments of U.S. imports by China of no less than $12.5 billion and $19.5 billion above a 2017 baseline in agricultural and seafood products total for 2020 and 2021, respectively.[90] Other provisions in the agreement included China abiding by its WTO obligations by improving its tariff-rate quota administration for wheat, corn, and rice and greater transparency of its domestic support programs.[91] China also agreed to implement a "transparent, predictable, efficient, science- and risk-based regulatory process" for evaluating and authorizing agricultural biotechnology products. The agreement contains SPS-measures-related provisions to facilitate trade for agricultural and food products. Additionally, in March 2020, China implemented a new Section 301 retaliatory tariff exclusion process for imported U.S. agricultural products, although this was not directly associated with the Phase One Agreement.[92] Prior to the March 2020 exclusion process, only certain enumerated products were considered for tariff exclusions.

U.S. export and China's import data show that China did not meet its purchase commitments of U.S. agricultural and seafood products listed in the Phase One Agreement for the years 2020 and 2021, falling short by an estimated total of $13.1 billion (based on U.S. trade data) or $18.1 billion (based on China's trade data) over the two years.[93] Subsequent reports from the Office of

[89] For background, see CRS In Focus IF12125, *Section 301 and China: The U.S.-China Phase One Trade Deal*; and CRS In Focus IF11412, *U.S.-China Phase I Deal: Agriculture*. For the agreement text and agriculture-related fact sheets of the U.S.-China Phase One Agreement, see USDA, FAS, "China Phase One Agreement," https://www.fas.usda.gov/topics/china-phase-one-agreement.

[90] The U.S.-China Phase One Agreement does not explicitly state the 2017 baseline amount. The agreement specifies that both U.S. and Chinese trade data will be used to determine whether the purchase commitment provisions have been implemented. The 2017 baseline amount of approximately $20.9 billion is based on CRS calculations from Trade Data Monitor and U.S. Census Bureau data of U.S. agricultural and seafood product exports to China identified in Annex 6.1 of the U.S.-China Phase One Agreement. The 2017 baseline amount would be approximately $24.1 billion based on CRS calculations from Trade Data Monitor and China Customs Statistics' import data of U.S. agricultural and seafood products. For background on differences in U.S. and China's trade data, see CRS Report RS22640, *What's the Difference?—Comparing U.S. and Chinese Trade Data*.

[91] Separate from and prior to the Phase One Agreement, the United States initiated and won two WTO disputes against China's administration of its TRQs for wheat, corn, and rice and agricultural domestic support policies for rice and wheat. TRQs are two-tiered applications of tariffs for an imported product. A specified quantity of imports (in-quota) enters into the importing country at a reduced tariff rate. Imports that exceed the quantity (out-of-quota or over-quota) typically face higher tariffs.

[92] USDA, FAS, *China Announces a New Round of Tariff Exclusions*, GAIN Report CH2020-0017, February 26, 2020.

[93] CRS calculations from Trade Data Monitor, U.S. Census Bureau, and China Customs Statistics data.

the U.S. Trade Representative assert that China did not fully implement its obligations under the Phase One Agreement, including provisions related to agricultural trade.[94]

USDA's Response to Retaliatory Tariffs

How Did USDA Respond to Retaliatory Tariffs in 2018 and 2019?

In response to foreign trade retaliation targeting U.S. agricultural products in 2018 and 2019, the Secretary of Agriculture used the authorities and funds of the Commodity Credit Corporation (CCC) to provide additional assistance to the farm sector.[95] USDA made available up to $12.0 billion in CCC funding in 2018 and up to $16.0 billion in CCC funding in 2019. USDA determined how much funding to make available each year on the basis of its modeling of economic losses resulting from foreign countries imposing retaliatory tariffs (see "What Were the Economic Losses to the U.S. Agricultural Sector from Retaliatory Tariffs in 2018 and 2019?").

The funds made available in 2018 and 2019 were distributed through three ad hoc programs: the Market Facilitation Program (MFP), the Food Purchase and Distribution Program (FPDP), and the Agricultural Trade Promotion Program (ATP). These programs provided direct income support payments to farmers, purchased agricultural commodities, and supported trade promotion activities, respectively. Support from MFP, FPDP, and ATP supplemented direct income support, commodity purchases, and trade promotion activities authorized by the farm bill and other legislation.[96]

The bulk of the CCC funds were distributed through MFP (**Table 10**). MFP made direct payments to producers of eligible crops, dairy, and hogs. USDA made significant changes to MFP between the first and second rounds of funding, including expanding the commodities eligible for support, increasing payment limits for producers, and shifting from commodity-specific payments to county-specific payments, among other changes.[97]

[94] See USTR, *2024 National Trade Estimate Report on Foreign Trade Barriers*, March 2024, pp. 51-60; and USTR, *2024 Report to Congress on China's WTO Compliance*, January 2025.

[95] For background on the authorities and funds of the Commodity Credit Corporation, see CRS Report R44606, *The Commodity Credit Corporation (CCC)*.

[96] For additional background on income support authorized through the farm bill, see CRS In Focus IF12218, *Farm Bill Primer: Farm Safety Net Programs*. For additional background on USDA's commodity purchasing authorities, see CRS In Focus IF12193, *Farm and Food Support Under USDA's Section 32 Account*. For additional background on trade promotion authorized through the farm bill, see CRS In Focus IF12155, *Farm Bill Primer: Trade and Export Promotion Programs*.

[97] For background on the implementation of MFP in 2018 and 2019, see CRS Report R45310, *Farm Policy: USDA's 2018 Trade Aid Package*; CRS Report R45865, *Farm Policy: USDA's 2019 Trade Aid Package*; and CRS In Focus IF11289, *Farm Policy: Comparison of 2018 and 2019 Market Facilitation Programs*.

Table 10. Funds Available and Program Outlays for USDA Programs Responding to Retaliatory Tariffs

In Millions of Dollars

Program	Funds Available	Program Outlays
USDA trade assistance announced in 2018		
Market Facilitation Program	$10,600	$8,617
Food Purchase and Distribution Program	$1,200	$1,100
Agricultural Trade Promotion Program	$200	$200
2018 subtotal	**$12,000**	**$9,917**
USDA trade assistance announced in 2019		
Market Facilitation Program	$14,500	$14,368
Food Purchase and Distribution Program	$1,400	$1,264
Agricultural Trade Promotion Program	$100	$100
2019 subtotal	**$16,000**	**$15,732**
Grand total	**$28,000**	**$25,650**

Sources: Compiled by CRS using USDA, "USDA Assists Farmers Impacted by Unjustified Retaliation," press release, July 24, 2018, https://www.usda.gov/about-usda/news/press-releases/2018/07/24/usda-assists-farmers-impacted-unjustified-retaliation; USDA, "USDA Announces Details of Assistance for Farmers Impacted by Unjustified Retaliation," press release, August 27, 2018; USDA, "USDA Launches Second Round of Trade Mitigation Payments," press release, December 17, 2018; USDA, "USDA Announces Details of Support Package for Farmers," press release, July 25, 2019; USDA, *USDA Explanatory Notes – Agricultural Marketing Service*, 2022; USDA, Agriculture Marketing Service, "Food Purchase and Distribution Program," https://www.ams.usda.gov/selling-food-to-usda/trade-mitigation-programs; USDA, Office of Inspector General, *Oversight of the Agricultural Trade Promotion Program*, Audit Report 07601-0001-24, August 2022; and Government Accountability Office (GAO), *USDA Market Facilitation Program: Oversight of Further Supplemental Assistance for Farmers Could Be Improved*, GAO-22-104259, February 2022.

Note: Values in the "program outlays" column do not sum to total shown because of rounding applied by CRS.

How Were Market Facilitation Program Funds Distributed?

USDA allocated $25.1 billion for the Market Facilitation Program (MFP) and outlaid approximately $23.0 billion in MFP payments. According to GAO, USDA distributed 2018 MFP payments to 582,596 farms (excluding farms in Puerto Rico) and 2019 MFP payments to 643,965 farms (including farms in Puerto Rico).[98] The average 2018 MFP payment per farm was $14,791 in 2018 and the average 2019 MFP payment per farm was $22,312. In each year, payments varied across farms depending on the commodities produced on the farm, the way 2018 and 2019 MFP payments were structured, and other factors.

MFP payments were available to producers of certain crops and livestock commodities. Eligible livestock commodities for 2018 and 2019 MFP payments included dairy and hogs. Eligible crops varied for 2018 and 2019 MFP, with more commodities of each type eligible for 2019 MFP payments compared to those eligible for 2018 MFP payments. In each year, more than 90% of

[98] GAO, *USDA Market Facilitation Program: Oversight of Further Supplemental Assistance for Farmers Could Be Improved*, GAO-22-104259, January 2022. GAO's report does not discuss 2018 payments to farmers in the U.S. territories in 2018 or 2019 payments to farmers in the U.S. territories excluding Puerto Rico.

MFP payments were distributed to producers of non-specialty crops (**Table 11**).[99] Livestock commodities received about 4% of total MFP payments each year, and specialty crops received about 1% of 2018 MFP payments and 2% of 2019 MFP payments.

Table 11. Distribution of Market Facilitation Program Payments, by Commodity Type

In Millions of Dollars

Commodity type	2018 MFP Payments	2019 MFP Payments	Total
Non-specialty crops	$8,194	$13,529	$21,723
Livestock commodities	$351	$566	$917
Specialty crops	$72	$274	$346
Total	**$8,617**	**$14,368**	**$22,986**

Source: CRS calculations using GAO, *USDA Market Facilitation Program: Oversight of Further Supplemental Assistance for Farmers Could Be Improved*, GAO-22-104259, January 2022.

Notes: MFP = Market Facilitation Program. Non-specialty crops eligible for 2018 MFP payments were corn, cotton, sorghum, soybeans, and wheat. Non-specialty crops eligible for 2019 MFP payments were alfalfa hay, barley, canola, chickpeas (large and small), corn, cotton (extra long staple and upland), crambe, dried beans, dry peas, flaxseed, lentils, millet, mustard seed, oats, peanuts, rapeseed, rice (long grain, medium grain, and temperate japonica), rye, safflower, sesame seed, sorghum, soybeans, sunflower seed, triticale, and wheat. Livestock commodities eligible for 2018 and 2019 MFP payments were hogs and dairy. Specialty crops eligible for 2018 MFP payments were shelled almonds and fresh sweet cherries. Specialty crops eligible for 2019 MFP payments were almonds, cranberries, cultivated ginseng, fresh grapes, fresh sweet cherries, hazelnuts, macadamia nuts, pecans, pistachios, and walnuts.

In 2018, MFP made payments separately for each commodity.[100] According USDA, about 82% of 2018 MFP payments were for soybeans, 6% for cotton, and 3% each for sorghum and wheat (**Table 12**). Corn, dairy, and hogs each received about 2% of total payments. Fresh sweet cherries and shelled almonds each received less than 1% of total payments.

Table 12. Distribution of 2018 Market Facilitation Program Payments

Commodity	Payment (in $ million)	Share of Total
Corn	$133.52	2%
Cotton	$484.08	6%
Dairy	$182.35	2%
Fresh sweet cherries	$42.69	< 1%
Hogs	$155.59	2%
Shelled almonds	$21.92	< 1%

[99] Statute defines specialty crops as fruits and vegetables, tree nuts, dried fruits, and horticulture and nursery crops (including floriculture) (7 U.S.C. §1621 note). For additional background on specialty crops, see CRS In Focus IF11317, *2018 Farm Bill Primer: Specialty Crops and Organic Agriculture*; and CRS In Focus IF12017, *Farm Bill Primer: Horticulture Title and Related Provisions*.

[100] In 2018, the Market Facilitation Program (MFP) had payment limits of $125,000 for non-specialty crops, $125,000 for specialty crops, and $125,000 for animal products (dairy and hogs). The maximum possible payment for a producer of all three types of commodities was $375,000. Eligibility for 2018 MFP was restricted to (1) applicants whose average adjusted gross income (AGI) was less than $900,000 and (2) applicants whose AGI exceeded $900,000 and at least 75% of the AGI was derived from farming, ranching, or forestry-related activities.

Commodity	Payment (in $ million)	Share of Total
Sorghum	$244.56	3%
Soybeans	$7,069.34	82%
Wheat	$241.62	3%
Total	$8,575.65	**100%**

Source: CRS calculations using USDA *Report to House and Senate Committees on Appropriations and Agriculture*, October 31, 2019.

Notes: USDA reported outlays for 2018 Market Facilitation Program (MFP) payments of approximately $8.576 billion as of October 31, 2019. As of January 2022, program outlays were $8.617 billion. Equivalent data by commodity for the 2019 MFP are not available.

For 2019 MFP for non-specialty crops, USDA made payments separately by county. All non-specialty crops within a county received a common payment rate that varied across counties from $15 per acre to $150 per acre. Payments for non-specialty crops were capped at $250,000.[101]

According to GAO, USDA chose to change its payment calculations to avoid distorting farmers' planting decisions in 2019.[102] County-specific payment rates meant that compensation for the same commodity varied by county. For example, GAO found that corn producers in the Midwest received $61 per acre on average, while corn producers in the South received $69 per acre on average. GAO concluded that USDA's use of the new methodology resulted in 2019 MFP payments that exceeded USDA's estimated trade damages for corn and were less than USDA's estimated trade damages for soybeans, sorghum, and cotton.[103]

For specialty crops, dairy, and livestock, USDA calculated 2019 MFP payments by commodity, similar to its 2018 method. Maximum payments were capped at $250,000 total for all specialty crops and $250,000 total for dairy and hogs. GAO concluded that USDA's use of a single payment rate for tree nuts resulted in 2019 MFP payments that exceeded USDA's estimated trade damages for almonds and pecans and were less than USDA's estimated trade damages for hazelnuts, macadamia nuts, pistachios, and walnuts.[104]

How Were Food Purchase and Distribution Program Funds Distributed?

USDA allocated $2.6 billion for the Food Purchase and Distribution Program (FPDP) and outlaid more than $2.3 billion on purchased commodities. Approximately 136 vendors were awarded

[101] In 2019, MFP had payment limits of $250,000 for non-specialty crops, $250,000 for specialty crops, and $250,000 for animal products (dairy and hogs). The maximum possible payment for a producer of all three types of commodities was $750,000. Eligibility for 2019 MFP was restricted to (1) applicants whose average AGI was less than $900,000 and (2) applicants whose AGI exceeded $900,000 and at least 75% of the AGI was derived from farming, ranching, or forestry-related activities.

[102] GAO, *USDA Market Facilitation Program: Stronger Adherence to Quality Guidelines Would Improve Future Economic Analyses*.

[103] GAO, *USDA Market Facilitation Program: Stronger Adherence to Quality Guidelines Would Improve Future Economic Analyses*.

[104] GAO, *USDA Market Facilitation Program: Stronger Adherence to Quality Guidelines Would Improve Future Economic Analyses*.

contracts under 2018 FPDP.[105] USDA has not released the number of vendors awarded contracts for 2019 FPDP.

Most of the commodities purchased were distributed to states for further distribution to food banks and food pantries that participate in The Emergency Food Assistance Program.[106] Other recipients eligible to receive FPDP commodities included states, for use in the Commodity Supplemental Foods Program; tribes that operate the Food Distribution Program on Indian reservations; and the National School Lunch Program.[107] Additionally, if domestic feeding programs were unable to use commodities purchased through FPDP, USDA had the option to distribute surplus commodities to approved nonprofit entities for distribution to low-income individuals.[108]

Data on actual FPDP purchases in 2018 or 2019 are not available. USDA announced targets for FPDP purchases in 2018 and 2019 (**Table 13**). The selection of targeted commodities varied in 2018 and 2019. In some instances, USDA targeted FPDP purchases of commodities that were also eligible for MFP payments. For example, FPDP targeted $919.70 million worth of dairy products and pork in 2018 and 2019. Producers of milk and hogs also received $917 million in 2018 MFP and 2019 MFP payments (**Table 11**). USDA ceased targeting FPDP purchases for some commodities that were also made eligible for MFP payments in 2019. USDA targeted 12 commodities—cranberries, grapes, hazelnuts, kidney beans, lentils, macadamia nuts, navy beans, peas, pecans, pistachios, rice, and walnuts—for 2018 FPDP purchases but not for 2019 FPDP purchases; these commodities were ineligible for 2018 MFP payments and eligible for 2019 MFP payments. USDA has not provided data that would allow for comparison of the amount of support provided from FPDP and MFP separately for each these commodities. Total FPDP targeted purchases for specialty crops were $390.42 million in 2018 and $282.60 million in 2019 ($673.02 million total). Total 2018 MFP and 2019 MFP payments for specialty crops were $346 million (**Table 11**).

Table 13. Food Purchase and Distribution Program Targeted Commodities, 2018 and 2019

In Millions of Dollars

Commodity	2018 Targeted Purchases	2019 Targeted Purchases	Total
Apples	$93.40	$88.00	$181.40
Apricots	$0.20	$0.10	$0.30
Beef	$14.80	$151.00	$165.80
Blueberries	$1.70	$5.00	$6.70
Citrus	$83.70	$104.00	$187.70
Cranberries	$32.80	$0.00	$32.80
Dairy products	$84.90	$68.00	$152.90

[105] USDA, "Report to House and Senate Committees on Appropriations and Agriculture," October 31, 2019.

[106] USDA, Agricultural Marketing Service, "Food Purchase and Distribution Program," https://www.ams.usda.gov/selling-food-to-usda/trade-mitigation-programs.

[107] USDA, "USDA Announces Details of Support Packaged for Farmers," press release, July 25, 2019.

[108] On July 29, 2019, USDA published a final rule creating the Expanded Domestic Commodity Donation Program, which allowed for disposal of surplus commodities acquired as part of USDA's trade mitigation response to outlets not currently used in existing USDA Food and Nutrition Service programs.

Commodity	2018 Targeted Purchases	2019 Targeted Purchases	Total
Figs	$0.02	$0.10	$0.12
Grapes	$48.20	$0.00	$48.20
Hazelnuts	$2.10	$0.00	$2.10
Kidney beans	$14.20	$0.00	$14.20
Lamb	$0.00	$17.00	$17.00
Lentils	$1.80	$0.00	$1.80
Macadamia nuts	$7.70	$0.00	$7.70
Navy beans	$18.00	$0.00	$18.00
Onions	$0.00	$0.40	$0.40
Peanut butter	$12.30	$0.00	$12.30
Pears	$1.40	$4.00	$5.40
Peas	$11.80	$0.00	$11.80
Pecans	$16.00	$0.00	$16.00
Pistachios	$85.20	$0.00	$85.20
Plums/prunes	$18.70	$22.00	$40.70
Pork	$558.80	$208.00	$766.80
Potatoes	$44.50	$22.00	$66.50
Poultry	$0.00	$432.00	$432.00
Processed foods	$0.00	$200.00	$200.00
Raisins	$0.00	$24.00	$24.00
Rice	$48.10	$0.00	$48.10
Strawberries	$1.50	$2.00	$3.50
Sweet corn	$2.40	$11.00	$13.40
Walnuts	$34.60	$0.00	$34.60
Total	**$1,238.82**	**$1,358.60**	**$2,597.42**

Source: CRS calculations using USDA, "USDA Announces Details of Assistance for Farmers Impacted by Unjustified Retaliation," press release, August 27, 2018; and USDA, "USDA Announces Details of Support Packaged for Farmers," press release, July 25, 2019.

Notes: Citrus includes grapefruit, lemons, limes, oranges, and orange juice. Processed foods include canned tomatoes, pasta, prepared cereals, soups and broths, tomato sauces, and other products. Cranberries, grapes, hazelnuts, kidney beans, lentils, macadamia nuts, navy beans, peas, pecans, pistachios, rice, and walnuts were purchased in 2018 but were not eligible in 2019.

USDA administered FPDP under the rules of USDA's Commodity Procurement Program and required commodities supplied to be sourced from American producers on American farms. For FPDP, the USDA Office of Inspector General (OIG) found no reportable issues related to the type and quantify of commodities purchased but did find reportable issues related to verifying the domestic origin of purchased commodities and other aspects of contract management.[109] In

[109] USDA, Office of Inspector General, *Food Purchase and Distribution Program*, Audit Report 01601-0003-41, August 2023.

response to a congressional directive, USDA noted that six vendors awarded contracts under 2018 FPDP had substantial foreign ownership but that the products purchased for the 2018 FPDP were "100 percent domestically produced and processed."[110] In 2018, the six foreign-owned vendors supplied approximately $459 million in pork, $107 million in potatoes, $1.8 million in blueberries, and $1.4 million in strawberries.

How Were Agricultural Trade Promotion Program Funds Distributed?

USDA allocated $300 million for the Agricultural Trade Promotion Program (ATP) and spent $300 million on trade promotion activities. ATP provided cost-share funds to 59 organizations that support activities to develop new markets for U.S. agricultural and agriculture-related products (e.g., forestry and seafood products).[111] ATP-eligible activities included consumer advertising, public relations, point-of-sale demonstrations, participation in trade fairs and exhibits, market research, and technical assistance. ATP participants were required to contribute 10% for generic promotion activities and 50% for branded promotion activities.[112]

ATP was similar to the Market Access Program (MAP) authorized through the farm bill, which receives annual appropriations of $200 million.[113] Using results from prior analyses of MAP, an academic study estimated that these additional ATP funds could expand U.S. agricultural exports by $8.5 billion and U.S. farm sector cash receipts by $4.8 billion.[114]

USDA OIG audited ATP in 2022. USDA OIG found that USDA awarded funding to applicants "who may not have been the most meritorious based on the announced criteria and program regulations."[115] USDA OIG said they were "unable to attest to the merits of the 59 ATP grants awarded [by USDA Foreign Agricultural Service] in fiscal year (FY) 2019, totaling $300 million."

How Have Agricultural Stakeholders and Oversight Agencies Assessed USDA's Response to Retaliatory Tariffs Imposed in 2018 and 2019?

USDA's ad hoc programs in response to retaliatory tariffs on U.S. agricultural products provided support to the agricultural sector with the goals of increasing farm incomes, increasing domestic

[110] USDA, "Report to House and Senate Committees on Appropriations and Agriculture," October 31, 2019, p. 15. Section 119 of the Continuing Appropriations Act, 2020, and Health Extenders Act of 2019 (P.L. 116-59) required the Secretary of Agriculture to provide an accounting of commodity purchases from substantially foreign-owned companies or their subsidiaries, among other provisions.

[111] For a list of Agricultural Trade Promotion Program (ATP) awardees, see USDA, FAS, "ATP Funding Allocations," https://www.fas.usda.gov/programs/agricultural-trade-promotion-program-atp/atp-funding-allocations.

[112] USDA, Commodity Credit Corporation, "Agricultural Trade Promotion Program," 83 *Federal Register* 4417, August 30, 2018.

[113] For additional background on farm-bill-funded trade promotion programs, see CRS In Focus IF12155, *Farm Bill Primer: Trade and Export Promotion Programs*.

[114] Gary Williams, "The Overlooked Agricultural Trade Promotion Program of the USDA Trade Aid Packages," *Choices* (Quarter 4, 2019).

[115] USDA Office of Inspector General, *Oversight of the Agricultural Trade Promotion Program,* Audit Report 07601-0001-24, August 2022, https://usdaoig.oversight.gov/sites/default/files/reports/2024-11/07601000124FRredactedpublic.pdf.

prices through purchases of agricultural commodities, and diversifying export markets. Farmers reported that MFP helped them manage cash flow on their operations.[116]

In response to congressional requests, GAO published analyses of MFP in 2020, 2021, and 2022.[117] In their 2021 analysis, GAO found that USDA OCE's 2018 estimates of economic losses "used a justifiable baseline" to model what trade would have been in the absence of retaliatory tariffs. GAO also found that USDA OCE's 2019 estimates of economic losses "used baselines that did not best represent what trade would be absent the retaliatory tariffs, and that increased trade damage estimates."[118] GAO also found that USDA's methodology for calculating 2019 MFP payments "addressed some limitations of its 2018 methodology but resulted in (1) producers of the same nonspecialty crop (such as corn and soybeans) being paid differently in different counties, and (2) total payments for a nonspecialty crop different from USDA's estimate of trade damage to the crop."

In their response to GAO's 2021 analysis, USDA OCE stated that

> [t]he draft report's finding that the 2019 baseline is not representative and increased trade damage estimates does not take into account that the decision on what is the appropriate baseline depends on the policy goals and that there is not one single most representative baseline. OCE provided alternatives that reflected different options based on the direction of senior USDA decision makers under the previous administration and selection of the baseline was part of the program design and not made by OCE.[119]

USDA OCE also noted that their 2018 and 2019 economic analyses adhered to departmental and Office of Management and Budget requirements for economic analyses.

In their 2022 analysis, GAO found that USDA's compliance methodology for MFP was not designed to identify high-risk payments for auditing.[120] GAO noted that USDA conducted multiple compliance reviews for MFP eligibility requirements and that the reviews identified significant improper payments in 2018 and 2019. GAO found that the review of 2018 MFP payments was "limited in its usefulness for several reasons" and that USDA discontinued its review of 2019 MFP payments because of competing agency priorities.

USDA OIG audited FPDP in 2023. USDA OIG found no reportable issues related to the type and quantity of commodities purchased but did find reportable issues related to verifying the domestic origin of purchased commodities and other aspects of contract management.[121]

USDA OIG audited ATP in 2022. USDA OIG found that USDA awarded funding to applicants "who may not have been the most meritorious based on the announced criteria and program

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[116] See, for example, witness testimony provided to the House Committee on Agriculture Subcommittee on Livestock and Foreign Agriculture during the hearing "U.S. Agricultural Trade: Stakeholder Perspectives" on March 10, 2020, https://democrats-agriculture.house.gov/uploadedfiles/116-33_-_42601.pdf.

[117] GAO, *USDA Market Facilitation Program: Information on Payments for 2019*, GAO-20-700R, August 2020; GAO, *USDA Market Facilitation Program: Stronger Adherence to Quality Guidelines Would Improve Future Economic Analyses*; and GAO, GAO-22-104259, *USDA Market Facilitation Program: Oversight of Further Supplemental Assistance for Farmers Could Be Improved*, January 2022.

[118] GAO, *USDA Market Facilitation Program: Stronger Adherence to Quality Guidelines Would Improve Future Economic Analyses*.

[119] GAO, "Appendix VIII: Comments from the Department of Agriculture," *USDA Market Facilitation Program: Stronger Adherence to Quality Guidelines Would Improve Future Economic Analyses*, p. 86.

[120] GAO, GAO-22-104259, *USDA Market Facilitation Program: Oversight of Further Supplemental Assistance for Farmers Could Be Improved*, January 2022.

[121] USDA, Office of Inspector General, *Food Purchase and Distribution Program*, Audit Report 01601-0003-41, August 2023.

regulations."[122] USDA OIG said they were "unable to attest to the merits of the 59 ATP grants awarded by [USDA Foreign Agricultural Service] in fiscal year (FY) 2019, totaling $300 million."

For More Information

Congressional staff seeking additional information on any of the key terms, concepts, and answers to the FAQs in this report may contact the authors and/or refer to CRS reports on trade authorities, agricultural trade, and farm support in general, which have been identified in the relevant sections above.

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Disclaimer

[122] USDA, Office of Inspector General, *Oversight of the Agricultural Trade Promotion Program*, Audit Report 07601-0001-24, August, 2022.