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After the Tariffs: How U.S. Agriculture Is Rebalancing

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The **U.S.–China tariff war** triggered **one of the most profound realignments in global agricultural trade in decades.** Between early 2024 and mid-2025, China's imports of U.S. agricultural and animal products collapsed by **more than 70 percent**, marking a significant shift from **cyclical disruption** to **structural decoupling**. Once the primary buyer of American soybeans, cereals, and cotton, China has redirected

its import flows toward suppliers in **Brazil, Argentina, Russia, and Australia**, reshaping global commodity routes. Yet, as of late 2025, a cautious normalization has begun to emerge; Beijing has partially resumed purchases of select U.S. agricultural goods, especially soybeans and animal feed, signaling a pragmatic thaw after two years of near-complete disengagement. While the volume remains below pre-tariff levels, these incremental steps have slightly softened the structural decoupling that we analyzed in detail below.

U.S. exporters had responded to these trade war shocks by **diversifying into alternative markets** (including **Mexico, Vietnam, Turkey, Pakistan, and South Korea**), achieving partial volume recovery but not a full restoration of value. The pattern varies by sector: while some grains (e.g., wheat & meslin and corn) and cotton have found new buyers, whereas soya beans, grain sorghum and most animal products have remained structurally constrained by lost access to Chinese demand.

The emerging trade architecture has been a **broader yet thinner one**, more geographically distributed but less profitable. As the tariff war calms down, U.S. agriculture faces a potential new normal: one defined by a slow reconnection with China as a key export market, but also by the challenges of sustaining competitiveness across a more fragmented set of markets that were tested during the trade war.

1. The Agricultural Fallout of the U.S.–China Tariff War

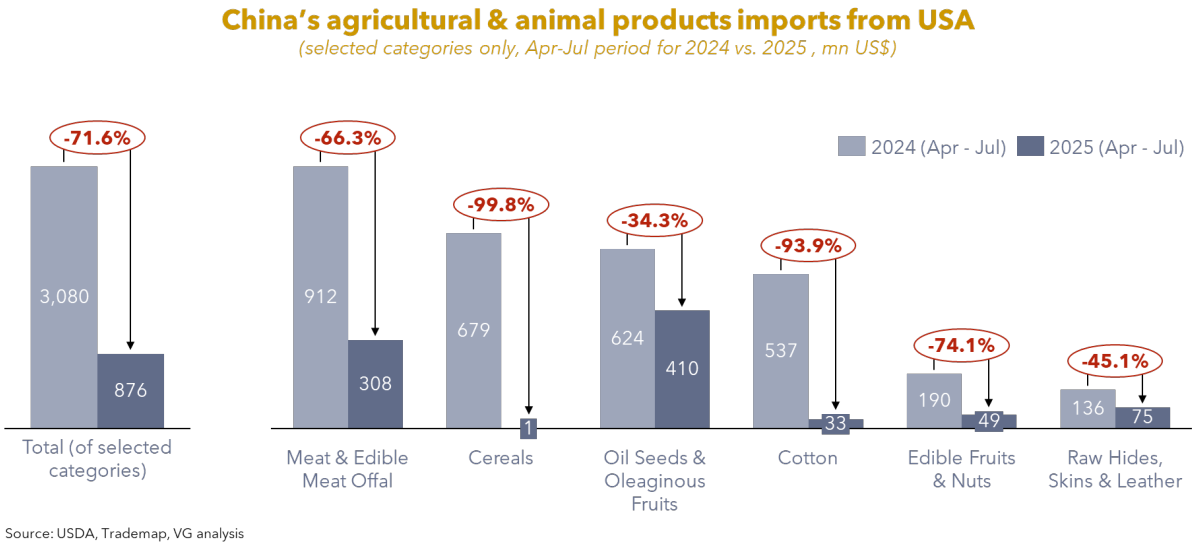
The intensifying tariff war between the United States and China has led to a dramatic collapse in agricultural and animal product trade between the two economies. From **April to July 2025**, China's imports of selected U.S. agricultural and animal products fell by **over 70 percent year-on-year**, signaling not just cyclical disruption but a **structural decoupling** in trade flows.

The steepest declines were recorded in **cereals (~99%)** and **cotton (~94%)**, categories heavily exposed to retaliatory tariffs and substitution by lower-cost suppliers such as Brazil and Russia. **Meat and edible offal** dropped **66%**, reflecting both tariff impacts and China's growing partnerships with South American exporters. Even resilient categories like

oil seeds and oleaginous fruits saw a **34% contraction**, underscoring the widespread reach of trade frictions.

Strategically, this marked a pivotal shift in global agri-commodity dynamics. China's **sourcing diversification and self-sufficiency drive** backed by long-term contracts with Brazil, Argentina, and Russia has challenged traditional U.S. dominance in key export segments. For U.S. producers, especially in **soybeans, grains, cotton and animal products**, the decline underscored an urgent need to regain export market access through diversification and potentially reconnect with China through diplomacy.

China-US agricultural & animal products trade summary



Source: USDA, Trademap, VG analysis

2. Collapsing Trade Across Agri-Commodities

At the product-specific level, the recent structural shock to the U.S. agricultural and animal product exports to China becomes even clearer. The timeline from **January 2024 through July 2025** shows how the erosion of trade relationships extended far beyond soybeans, the historical backbone of U.S. agri-exports to China.

Soybeans, once the anchor of bilateral agricultural trade, had effectively **disappeared** from China's import mix by mid-2025, following months of erratic shipment patterns and intensifying policy headwinds. This disappearance signaled more than just a commodity-specific issue, it

marked the **symbolic decoupling** of the two countries' agri-supply chains.

In the **second cluster of commodities**, **cotton (not carded), grain sorghum, wheat and meslin, and maize (corn)**, China's pullback **had begun well before the 2025 tariff wave,** signaling a deliberate and anticipatory sourcing shift rather than a reactive one. Several forces were already at play in 2024.

First, China **front-loaded imports from alternative suppliers** in anticipation of trade tensions, strengthening ties with **Brazil, Australia, and Kazakhstan** to reduce dependence on the U.S.

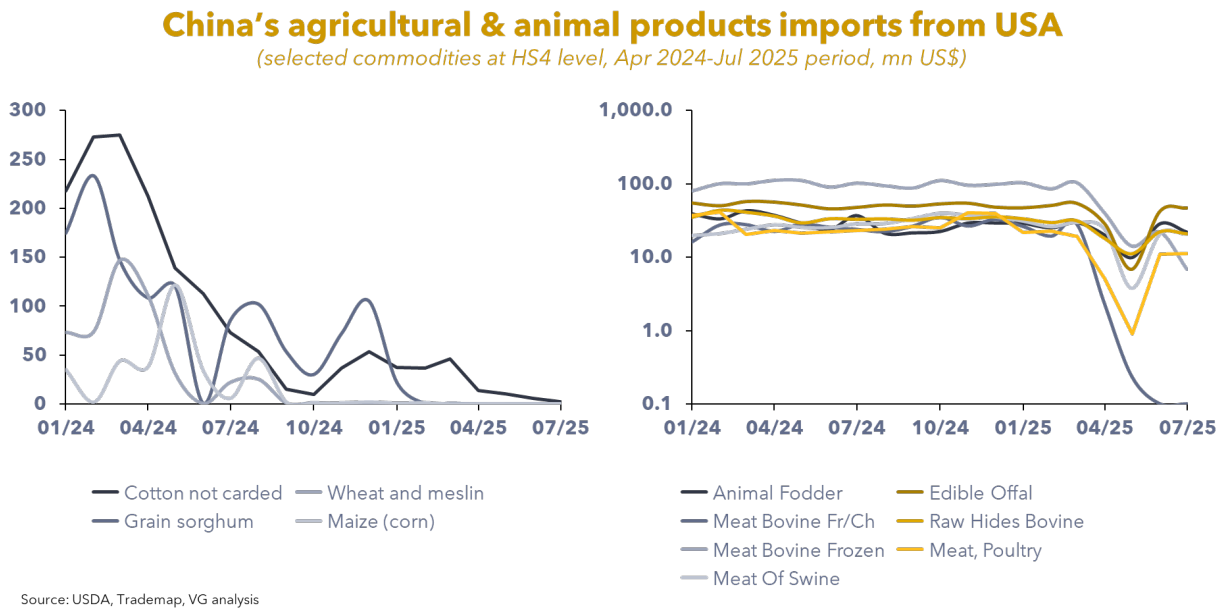
Second, **domestic policy changes** including expanded grain reserves and new incentives for feed-grain self-sufficiency, had already curbed imports by mid-2024.

Third, China's **agricultural risk-management strategy** increasingly favored supply diversification over price efficiency, a lesson drawn from the volatility of the 2018–2019 tariff rounds. As a result, even before the 2025 tariffs took effect, U.S. exports in these categories had already been **structurally displaced** rather than merely suppressed by cost. By early 2025, volumes had dwindled to near-zero, confirming that China's decoupling from U.S. cereals and cotton was **policy-driven, strategic, and long-planned**.

The **third panel** covering **animal fodder, bovine meat (fresh/chilled and frozen), swine meat, edible offal, raw hides (bovine), and poultry meat**, showed a different but equally concerning trajectory. Exports remained relatively stable throughout 2024, maintaining moderate volumes despite tariff pressure. However, beginning **April 2025**, the sector suffered a **sharp decrease** across nearly all protein categories. The downturn coincided with both **tariff reinforcement** and China's **tightening of sanitary and import-licensing standards**, which effectively cut off flows from several U.S. producers. Crucially, the data show **no meaningful recovery through mid-2025**, indicating that **structural rather than seasonal factors** were suppressing U.S. competitiveness.

Taken together, these category-based trends illustrate a **systemic erosion** of the U.S.–China agri-trade corridor from bulk crops to higher-

value animal products. What began as a tariff-driven disruption has matured into a **market realignment by mid-2025**, reshaping global commodity flows in favor of alternative suppliers across South America and Eurasia. Time will tell how the recent normalization of U.S.-China trade relations will change this picture once again.



Source: USDA, Trademap, VG analysis

These patterns set the stage for examining how U.S. exporters have sought to recover lost ground by re-routing trade toward new markets in 2025, during the heated stages of the trade war.

3. Partial Recovery and Realignment of U.S. Agricultural Exports

Mid-Year Export Performance

While China's retreat from U.S. agricultural imports has reshaped global trade relationships, **mid-year export data (January–July 2024 vs. January–July 2025)** provide a clearer picture of the adjustments that took place. The United States has partially offset its losses through diversified market expansion, but recovery remained **uneven across commodities** with strong gains in corn and pork counterbalanced by persistent weakness in soybeans, sorghum, and animal by-products.

Table 1 – U.S. agricultural exports to the World by product group, Jan–Jul 2024 vs. Jan–Jul 2025, values in US$ thousand

Category	Commodity	2024 Jan–Jul	2025 Jan–Jul	% Change
Oil Seeds & Olea. Fruits	Soya Beans	10,974,397	8,070,080	−26.4%
	Animal Fodder	841,954	688,885	−18.2%
Cereals	Maize (Corn)	9,831,377	11,129,729	+13.2%
	Wheat and Meslin	3,462,057	3,455,210	−0.2%
	Grain Sorghum	945,187	206,595	−78.1%
Cotton	Cotton, Not Carded	3,616,336	3,562,747	−1.5%
Meat and edible meat offal	Meat Bovine Fr/Ch	2,608,483	2,371,799	−9.1%
	Meat Bovine Frozen	2,695,225	2,550,884	−5.4%
	Meat of Swine	3,254,513	3,642,076	+11.9%
	Edible Offal	1,109,107	987,620	−10.9%
	Meat, Poultry	2,668,559	2,690,292	+0.8%
Raw hides & skins	Raw Hides Bovine	390,870	291,947	−25.3%

Source: USDA, Trademap, Value Gene Consulting analysis.

Soybeans: Partial Diversification, Persistent Deficit

In the wake of China's sharp withdrawal from U.S. soybean purchases, American exporters have achieved **partial recovery through diversification** into alternative markets, but the scale remained short of pre-trade-war levels. Shipments to **Mexico, the EU, Indonesia, Egypt, and Pakistan** have all increased, with **Mexico alone exceeding $2.3 billion in 2024**, marking its emergence as a top soybean destination.

However, China previously accounted for more than half of all U.S. soybean exports, and by 2025 that share had dropped to roughly **one-fifth**. The U.S. has maintained high global export volumes, yet **unit values and margins have declined**, and logistical costs to reach new buyers remain higher. The outcome was a **broader yet fragmented market footprint**, a volume recovery without full economic replacement for the China channel. Nonetheless, **in Q3 2025, early signs of renewed Chinese procurement emerged** through state-linked trading entities, marking the first measurable uptick since the 2024 collapse.

Cotton, Grains, and Feed Crops: Redistribution Without Full Absorption

For **cotton (not carded), grain sorghum, wheat and meslin, and maize (corn)**, the U.S. has managed to redirect exports, though success has been uneven. **Cotton** has found new destinations across **Vietnam, Turkey, and Pakistan**, which now absorb a substantial share of upland cotton previously bound for China. The **U.S. cotton export market has recently been predominantly oriented toward these three markets**, representing a **strategic redirection of trade flows** toward emerging textile and apparel hubs outside East Asia. However, this pivot is **not a complete replacement** for the China market, and U.S. producers remain **exposed to global supply competition and shifting textile demand**.

Meanwhile, **corn and wheat** exports have rebounded more effectively, buoyed by demand from **Mexico, Japan, and South Korea**, with Mexico now the single largest buyer of U.S. agricultural goods. Yet in **sorghum**, redirection has been less successful. China's dominance as a buyer has been too great to replace, and competition from **Australia and Argentina** has constrained recovery. Across this group, the U.S. has achieved **market stabilization rather than full restoration**, the geography of trade has shifted, but value, margins, and leverage remain below pre-tariff levels.

Animal Products and By-Products: Structural Losses and Weak Substitution

The **animal and animal-derived product complex** including **fodder, beef, pork, offal, hides, and poultry**, has suffered significant losses. After the synchronized collapse of exports to China in **April 2025**, volumes have **not completely rebounded**. While **Mexico, South Korea, and Japan** have modestly increased purchases of U.S. beef and pork, these gains compensate for a portion of lost Chinese demand during the heated times of the trade war. China's **tightened sanitary standards** and expanded imports from **Brazil, Argentina, and New Zealand** effectively shrank the market for most U.S. meat exporters.

Animal by-products such as **hides and offal**, once reliant on China's processing and leather industries, have struggled to find consistent new outlets. This segment highlights the **limits of diversification**: where

access depends on regulatory alignment and downstream ecosystems, **lost trade cannot be quickly reallocated**. The result is a **structural contraction** in export potential that may persist well beyond the current tariff cycle.

These uneven recovery patterns underscore the importance of federal intervention both to cushion producers against prolonged market disruption and to redirect tariff revenues toward rebuilding U.S. agricultural competitiveness.

Policy Response: Redirecting Tariff Revenues to Support U.S. Agriculture

While U.S. exporters have scrambled to rebuild market share abroad, the federal government has simultaneously turned to fiscal tools to cushion the domestic impact of lost trade. The ongoing tariff regime, though disruptive to global flows, has generated significant new revenue for Washington—an estimated **$120–$300 billion in tariff income during 2025**, much of it sourced from duties on Chinese and strategic imports.

A portion of these funds is now being repurposed to stabilize the agricultural economy. According to *The Wall Street Journal*, the administration is preparing to **release more than $3 billion in aid** to U.S. farmers, money that had been frozen during the recent government shutdown. The allocation comes through the **Commodity Credit Corporation (CCC)**, the same mechanism used during the 2018–2020 tariff disruptions to deliver direct assistance to distressed producers. The CCC's renewed funding directive enables the **U.S. Department of Agriculture (USDA)** to resume payments under safety-net and market-facilitation programs that were paused amid fiscal gridlocks.

This approach reflects a **recycling of tariff revenue**: proceeds from import duties are being used to offset export losses among affected farmers and processors. Yet the arithmetic remains sobering. Even with $3 billion in relief, total trade-related losses, if trade tensions rise again, across soybeans, cereals, and animal products could exceed **$20–25 billion annually**. The aid thus acts as a short-term liquidity bridge rather than a structural solution. However, if bilateral trade continues to stabilize, policymakers may consider redirecting portions of tariff revenue toward market re-engagement programs and export-promotion initiatives in Asia.

More fundamentally, it underscores the **policy paradox** of the current trade environment. Tariffs designed to strengthen national competitiveness are simultaneously generating revenue to compensate for the damage they inflict on domestic industries. While such fiscal interventions provide temporary stability, long-term resilience will depend on expanding market access, improving value-chain efficiency, and reducing dependence on politically volatile export destinations.

Conclusion: Diversification Achieved, Looking to Slowly Reconnect with China

Across all product groups, the data reveals a U.S. agricultural export landscape that has **successfully diversified but not fully recovered**. China's retreat has forced American producers to rebuild their global footprint, redirecting flows toward **Mexico, Vietnam, Turkey, and Pakistan**, and strengthening ties with long-standing partners in **Japan, South Korea, and the European Union**. Yet the **value, scale, and strategic leverage once derived from China's vast import demand remain unmatched**.

What has emerged instead is a **more fragmented, regionally distributed trade architecture**. One characterized by greater resilience but lower profitability. However, **recent diplomatic engagement** and **limited trade resumption between Washington and Beijing** suggest that the decoupling may no longer be absolute. The modest uptick in soybean and feed grain shipments, alongside resumed technical dialogues on sanitary and market-access issues, hints at a **slow recalibration rather than a full reversion to dependence.** In essence, the post-tariff era remains defined by diversification, but now with the possibility of selective re-integration, as both nations weigh economic pragmatism against strategic caution.

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