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## Turning Crisis into Opportunity? Agricultural Exports to China During the Trade War

BHASO NDZENDZE

African perspectives  
Global insights

# Abstract

Early literature on the US–China trade war postulated that the scenario would result in an unprecedented economic opportunity for Africa, as it would force China to further diversify its agricultural import partners. African countries, already economically linked to China, would see renewed demand for their produce. Yet other literature argued that such a vacuum would readily be filled by China’s Asian neighbours, instead of the geographically distal Africa. Using regional case studies of African agricultural exporting countries, this paper looks at the first year of the trade war to see if this optimism has proved to be well founded. Its findings demonstrate that in 2018 and 2019 African regions saw a declining pattern of growth while other regions, particularly Asia and Latin America and the Caribbean, witnessed continuous growth, with an aggregate of 79.42% and 84.05% respectively. Asia’s growth was the most consistent.

## Introduction

The Africa–China relationship occurs in a global context. It is thus affected not just by developments in bilateral settings but also by third-party motivations, actions and perceptions. The 2018-initiated trade war between the US and the People’s Republic of China highlighted this dimension. Beginning that year, the US and China imposed tariffs on hundreds of billions of dollars’ worth of each other’s products.

US complaints against China were long-standing. Official and independent reports in the 1990s claimed that China was stealing about \$1 billion worth of US intellectual property per year by failing to enact protections against reverse engineering by domestic Chinese manufacturers.<sup>1</sup> By the mid-2010s the figure had grown as high as \$300 billion,<sup>2</sup> indicating that China’s entry into the World Trade Organization (WTO) had done little to change this behaviour. The Trump administration (2017–) was the first to initiate a full-blown policy of imposing tariffs on China for punitive and economic reasons. This so-called ‘trade war’ took a decisive turn in January 2020, when China and the US signed the Phase One Deal. Notably, however, the Phase One Deal still left tariffs on \$250 billion of Chinese products in place.

This paper assesses the trade dynamics between the African continent and China since the outbreak of the trade war. It was initially hypothesised that the trade war was reason for cautious optimism, especially in terms of agricultural exports to China in the advent of Chinese retaliatory tariffs on US agricultural goods. Thus this paper examines the extent

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1 Guy Yonay, “Intellectual Property in Chinese Civilization”, *Harvard Journal of Law & Technology* 8, no. 2 (1995): 537–41. See also William P Alford, *To Steal a Book is an Elegant Offense: Intellectual Property Law in Chinese Civilization* (Stanford: Stanford University Press, 1995), 38.

2 Sherisse Pham, “How Much Has the US Lost from China’s IP Theft?”, *CNN*, March 23, 2018, <https://money.cnn.com/2018/03/23/technology/china-us-trump-tariffs-ip-theft/index.html>; “IP Theft Costs US \$300 Billion per Year: Report”, *VOA*, May 23, 2013, <https://www.voanews.com/archive/ip-theft-costs-us-300-billion-year-report>.

to which the trade war between the US and China has translated into an opportunity for African countries, especially agricultural exporters. The underlying assumption stems from the notion that African states could provide a 'substitute' for US goods, which were abruptly rendered expensive by the tariffs. However, this assumption encounters the potential hurdle of competition by virtue of the presence of other agriculturally exporting regions that have also sought to capitalise on the trade war and gain further access to the Chinese market. Thus, Africa's gains must be examined not only in their own three-year context but also vis-à-vis those of others, particularly countries in Asia, and Latin America and the Caribbean. Additionally, the window of opportunity may be shrinking, as 696 agricultural products are no longer subjected to additional tariffs. Using trade data over the 2017–2019 period, the paper finds that overall the aggregate growth pattern of agricultural exports to China in the entire two-year period is ranked as follows: Latin America and the Caribbean (84.05%), Asia (79.42%), and Africa (42.62%). Africa has neither the steady growth of Asia nor the exponentiality observed in Latin America and the Caribbean. Thus, while Africa has continued to see growing exports to China on a year-to-year basis, these have been continuously declining (between 2017 and 2019). The continent has not been able to capitalise on the trade war as much as other regions.

The US-China trade war is a contemporary and future reality, with all prospects pointing to its outlasting the Trump administration. The current deal between Washington and Beijing still leaves \$250 billion worth of tariffs in place. Furthermore, with a bipartisan consensus on taking a tougher stance on China, trade tiffs between China and the US are a long-term prospect. Africa will have to think of it as such and put in place relevant policy measures, while factoring in contemporary developments on Covid-19 and future pandemics. This is given even more impetus by the demonstration that the continent has imported more agricultural goods from the US, in light of China's buying less of these, thus rendering the pursuit of becoming a net exporter less likely.

The outbreak of Covid-19 and its diffusion pattern from China to North America, Asia and Europe are an incentive for increased intra-continental trade. Additionally, there is also a need for increased support for smallholder farmers, especially in terms of policies aimed at limiting biological threats, as well as beneficiation and value-adding to fruit- and vegetable-related products, and an emphasis on pork for the Chinese market. The development of this industry has been lacklustre, while opportunity has been beckoning in light of the trade war and the African swine flu that broke out in China's supply chain. Present trends show that there is no readiness to make use of ongoing and future opportunities around agriculture, despite the rhetoric of the AU and the significance of agriculture in its Agenda 2063. Examining the reasons for the success of the US' agricultural industry may offer some lessons.

The next section gives a background discussion on the trade war and why it matters for African agriculture, after which an account of the methodology applied in the study is given. This is followed by an analysis of the findings. The conclusion reflects on the implications of the findings and assesses some of the policy scenarios brought about by these.



# Background

For Africa, much hinges on agriculture. In the First Ten-Year Implementation Plan (2014–2023) of the AU's Agenda 2063, it aims to promote policies that contribute to value addition in agriculture 'through investments in agro-processing and infrastructure (irrigation/access roads)', and so become a net food exporter.<sup>3</sup>

This should, all things being equal, mean 'at least 10% of small-scale farmers graduate into small-scale commercial farming',<sup>4</sup> of which at least 30% should be women. The continent, however, does not have a consistent track record in supporting smallholder farms, including in sectors with proven global demand, such as China's pork market (see Box 2). Agenda 2063 also takes heed of global currents, noting the need to 'ensure better functioning of agriculture and food markets including lowering the cost of market participation and increase access to regional/continental and global markets'.<sup>5</sup> Although unforeseen, the US-China trade war is a potential catalyst and game changer.

## Tariffs: The international political economy of 'America First'

American complaints against China straddled politics, economics and geopolitics. These concerns were amplified and made centre stage by President Donald Trump and ranged from disagreements over the Pacific to its relations with Taiwan and trade. Further, in the view of the present administration, the US' position on China is a litmus test for its global position. Thus, from the onset the Trump administration has sought to keep campaign promises on China. Even before his inauguration, Trump ensured that one of his earliest official phone calls would be to Tsai Ing-wen, the Taiwanese president.<sup>6</sup> This was a minor crisis in cross-strait relations as it breached a long-standing policy, decreed by the Shanghai Communiqué, that there is to be no direct contact between the US and Taiwanese presidents. The US also reaffirmed its support for Japan's status as the owner of the

American complaints against China straddled politics, economics and geopolitics. These concerns were amplified and made centre stage by President Donald Trump and ranged from disagreements over the Pacific to its relations with Taiwan and trade

3 AU, *First Ten-Year Implementation Plan 2014-2023* (Addis Ababa: AU, 2015), 57.

4 AU, *First Ten-Year Implementation Plan*, 57.

5 AU, *First Ten-Year Implementation Plan*, 57.

6 Tom Phillips, Nicola Smith and Nicky Woolf, "Trump's Phone Call with Taiwan President Risks China's Wrath", *The Guardian*, December 3, 2016, <https://www.theguardian.com/us-news/2016/dec/03/trump-angers-beijing-with-provocative-phone-call-to-taiwan-president>.

Senkaku Islands, to which China is also a claimant under the name of Diaoyu Islands.<sup>7</sup> In addition, the US continues to deny Chinese claims to the South China Sea.<sup>8</sup> These positions, although asserted with more aggression than by prior presidents (even in the wake of then president Barack Obama's 'Pivot to Asia' policy), could be predicted as they were rhetorical rather than indicative of any new financial or military commitments.<sup>9</sup> However, particular steps by the Trump administration have marked a major break with his predecessors, including the initiation of the trade war.

The US measures targeted goods such as Chinese steel and aluminium imports, along with clothing, shoes and electronics. Some Chinese investments in the US were also restricted. There was an additional motive in imposing tariffs on Chinese-imported goods – making Chinese products more expensive would help revive American industry, create more jobs and encourage China-based companies to relocate to the US.<sup>10</sup>

While Trump originally promised a 40% tariff on Chinese imported goods, many observers were disinclined to take this proposal seriously. At the time, as remains the case presently, Washington and Beijing were interconnected, with trade of up to \$635 billion in 2018.<sup>11</sup> Most models of the relationship could reasonably lead to expectations of continued cooperation between the two players. Thus, many scholars were of the view that they would never initiate a trade war against each other. But the inverse was also true, as Devermont and Chiang observe: both could be reasonably 'confident that they would possess leverage over the other'.<sup>12</sup> This perception produced a quick 'tit-for-tat' escalation in the volume of exports subject to restrictive trade measures.

At present, neither party's economy is in decline. While a slowdown in Chinese gross domestic product (GDP) growth was reported for 2018 compared to the previous year, this was for a variety of reasons, of which the trade war was only one. Interestingly, in 2018 the trade deficit widened in favour of China. It grew from \$375 billion in 2017 to \$419 billion in 2018 as US exports to China declined to \$120 billion from \$129 billion, while imports from China grew from around \$505 billion in 2017 to more than \$539 billion in 2018.<sup>13</sup>

## The trade war so far, 2018–2020

The first year of Trump's presidency was characterised by threats of tariffs on China and other trade balances that he deemed skewed against the US, but no precise policies.

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7 Steve Holland and Kiyoshi Takenaka, "Trump Says US Committed to Japan Security, in Change from Campaign Rhetoric", *Reuters*, February 10, 2017, <https://www.reuters.com/article/us-usa-trump-japan-idUSKBN15P17E>.

8 Holland and Takenaka, "Trump Says US Committed".

9 Allison Graham, *Destined for War: Can America and China Escape Thucydides's Trap?* (New York: Houghton Mifflin Harcourt, 2017), 8.

10 Dorcas Wong and Alexander Chipman Koty, "The US-China Trade War: A Timeline", *China Briefing*, February 15, 2020, <https://www.china-briefing.com/news/the-us-china-trade-war-a-timeline/>.

11 Wong and Koty, "The US-China Trade War".

12 Judd Devermont and Catherine Chiang, *Innocent Bystanders: Why the US-China Trade War Hurts African Economies* (Washington DC: Center for Strategic and International Studies, 2019), 1.

13 US Census Bureau, *Trade in Goods with China* (Washington DC: Office of the US Trade Representative, 2019), <https://www.census.gov/foreign-trade/balance/c5700.html>.

At the start of the second, however, the threats were enacted. In January 2018 the US imposed uniform tariffs on all imports of steel and aluminium. The president subsequently instructed a Section 301 investigation. This is in line with the powers granted to the Office of the US Trade Representative by the Trade Act of 1974. The investigation, made public on 22 March 2018, found that China's trade practices and policies pertaining to technology transfer, intellectual property and innovation were 'unreasonable and discriminatory'.<sup>14</sup> It recommended that some 1 300 products imported from China to be listed for tariffs, which were subsequently enacted in several rounds, leading to reciprocal tariffs.

Between July 2018 and September 2019 the US initiated four rounds of tariffs on \$550 billion worth of Chinese goods, especially targeting manufactured goods, and (through an executive order) refusing technologically advanced service providers market access in the US. Significantly, China, initially issuing complaints with the WTO, responded with tariffs of its own estimated at a total of \$185 billion by February 2020.<sup>15</sup>

In January 2020 the US and China signed a trade deal under whose Phase One China agreed to buy \$200 billion worth of US goods and services in 2020 and 2021, including such product sets as agriculture, energy, manufacturing and services imports. The deal, titled 'The Economic and Trade Agreement between the United States of America and the People's Republic of China', was set to take effect on 14 February. It specifically covers intellectual property rights (chapter 1), technology transfer (chapter 2), food and agriculture products (chapter 3), financial services (chapter 4), exchange rate matters and transparency (chapter 5), expanding trade (chapter 6) and dispute evaluation (chapter 7). The last chapter makes provision for the bilateral mechanisms of the negotiations between the two parties instead of multilateral channels – essentially making official what had already been the modus operandi. On 7 February China slashed tariffs on 1 717 US goods. In February China's Tariff Commission announced that a further 696 US commodities would be exempted from Chinese additional tariffs, as the Chinese government continued its course of fulfilling its commitments under Phase One. The full effectiveness of this trade deal will be examined in the coming year, with the onset of the outbreak of the Covid-19 pandemic coinciding with the trade deal likely to have a dampening effect. So far, however, this has not been

With the trade war having occurred virtually uninterrupted for two years, it is worth examining the patterns of substitution and the degree to which Africa (and other producers, notably Asia and Latin America and the Caribbean) were able to take advantage of it

14 Wong and Koty, "The US-China Trade War".

15 Finbarr Bermingham and Wendy Wu, "Coronavirus: China Yet to Meet Key Phase One Trade Deal Target due to Covid-19 Lockdown", *South China Morning Post*, April 8, 2020, <https://www.scmp.com/economy/china-economy/article/3079036/coronavirus-china-yet-meet-key-phase-one-trade-deal-target>.

apparent, aided by the US government's designating food exports an essential service. Acid tests have also not begun, which may be to the US' advantage. The main threats stem from a slowdown in the availability of shipping containers, and decreased productivity owing to shortages of labour and essential equipment after the global supply chain of these came to a halt.<sup>16</sup> With the trade war having occurred virtually uninterrupted for two years, it is worth examining the patterns of substitution and the degree to which Africa (and other producers, notably Asia and Latin America and the Caribbean) were able to take advantage of it. Also of interest are the political aspect of the trade war, particularly its initiation by the US, and the implications thereof for the self-projection by the two parties.

## Globalism: Between a discontent and a champion?

Beijing, which has been on a soft power campaign for nearly two decades, has been using the trade war 'to discredit the US brand in sub-Saharan Africa'.<sup>17</sup> China's ambassadors to Nigeria and South Africa both issued public statements condemning the impact of US tariffs on local economies (which precede the trade war and date back to at least the Obama presidency). Furthermore, China's envoy to South Africa has drawn a causal link between the rand's decline in value and the announcement of steel tariffs, as well as its increase when President Xi Jinping visited the country in July 2018 for that year's BRICS summit.<sup>18</sup> These comments fit into Beijing's broader political strategy on the continent, in which it casts itself as Africa's ideal development partner, often at the expense of the US. The US has not acknowledged the negative impacts that its broader economic policies are having on the continent.<sup>19</sup>

Even before the initiation of the trade war by the US (and before Trump's inauguration) in January 2017, Xi offered a 'vigorous defence of free trade at the World Economic Forum [WEF] in Davos in a speech that underscored Beijing's desire to play a greater global role as the United States turns inward'.<sup>20</sup> 'No one will emerge as a winner in a trade war,' he said in a nearly 60-minute long speech, with then US vice president Joe Biden among the attendees.<sup>21</sup> And although he did not attend the 2018 WEF summit, according to Chinese state media, he could be credited with shaping that year's Davos theme of 'Creating a Shared Future in a Fractured World'.<sup>22</sup> At the 2018 Forum on China-Africa Cooperation (FOCAC) summit, Xi stood alongside the leaders of 53 African countries and promised to counter protectionism – an implied Sino-African jab at the US. Individually, the leaders of

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16 Wandile Sihlobo, "Agriculture After the Pandemic", *Project Syndicate*, April 14, 2020, <https://www.project-syndicate.org/commentary/covid19-labor-shortages-agriculture-automation-by-wandile-sihlobo-2-2020-04>.

17 Devermont and Chiang, *Innocent Bystanders*, 3.

18 Peter Fabricius, "Xi Jinping Urges BRICS Countries to Maintain an Open Global Economy", *Daily Maverick*, July 26, 2018, <https://www.dailymaverick.co.za/article/2018-07-26-xi-jinping-urges-brics-countries-to-maintain-an-open-global-economy/>.

19 Devermont and Chiang, *Innocent Bystanders*, 3.

20 Noah Barkin and Elizabeth Piper, "In Davos, Xi Makes Case for Chinese Leadership Role", *Reuters*, January 17, 2017, <https://www.reuters.com/article/us-davos-meeting-china/in-davos-xi-makes-case-for-chinese-leadership-role-idUSKBN15118V>.

21 Xi Jinping, *The Governance of China* (Beijing: Foreign Languages Press, 2018); Barkin and Piper, "In Davos".

22 Huang Zheping, "In a Chorus, Chinese State Media Say Xi Jinping Shaped this Year's Davos", *Quartz*, January 25, 2018, <https://qz.com/1188895/davos-2018-xi-jinping-has-shaped-the-theme-of-the-world-economic-forum-chinese-media-say/>.

Nigeria, South Africa, Ghana and Cabo Verde and one ex-president of Zambia have decried the ongoing trade war and warned of its impacts on African markets.

But what of trade war-related benefits for Africa? At the FOCAC summit, African leaders did not appear to suggest any modalities through which they could obtain greater entry into the Chinese market. Nonetheless, with Chinese manufacturers expected to divert operations outside of China to avoid US tariffs, Africa had an opportunity to profit from the move. However, African businesses have so far proved poorly positioned to benefit from commercial opportunities arising from the trade war. Asia and Latin America, which 'possess more developed manufacturing sectors than sub-Saharan Africa', were better placed 'to clinch most of these deals',<sup>23</sup> according to analysis by the Washington-based Center for Strategic and International Studies. One area of opportunity was agriculture. This is an area in which the US has always outcompeted Africa and much of the rest of the world owing to a winning set of policies by its commercial farmers and government. When US agriculture underwent structural shocks in the wake of the trade war (see Box 1), could, and did, Africa's agricultural producers make the most of this window of opportunity?

#### BOX 1 WHY US AGRICULTURE WINS

In all, there are about 2 million farms in the US. Of these about 97% are family owned. The remaining 3% are very large farms, which dominate in the industry. These rely on industrial agriculture to produce food at a low cost.<sup>1</sup> In turn, agriculture, food and related industries contribute about \$1 trillion to the US economy. Farm exports totalled almost \$140 billion in 2017,<sup>2</sup> and continued to grow in 2018 to \$143.4 billion, the trade war notwithstanding. While China was the largest export recipient of US produce until 2018, the trade war reduced exports of soybeans and other agricultural products. Consequently, Canada became the largest export market in 2018. Below are the export markets by size:

- Canada (\$20.7 billion)
- Mexico (\$19.0 billion)
- EU (\$13.5 billion)
- Japan (\$12.9 billion)
- China (\$9.2 billion)

What are the critical enablers behind the US' agricultural dominance? Agricultural economists identify the following: monoculture, efficient use of technology, governmental support for research, governmental support through subsidies, and disaster aid based on the farming industry's lobbying capacity. US farms are therefore

<sup>23</sup> Devermont and Chiang, *Innocent Bystanders*, 2.



in large part successful because they focus on one crop, which has proven to be very cost effective as it taps each farm's comparative advantage.<sup>3</sup>

More food in the US is also produced employing by fewer people. This is possible by continuing advances in relevant sciences and technologies, including GPS-linked and active-sensing precision irrigation.<sup>4</sup>

In addition, the US Department of Agriculture (USDA) spans 29 agencies and offices, with 100 000 employees working at more than 4 500 locations to provide research, accompanied by animal and plant inspections, as well as nutrition guidelines.

Perhaps most famously, the department also supports the industry through subsidies, loans, and technical assistance. In the fiscal year 2018 these totalled \$4 billion. The USDA pays farmers under two conditions: when either their total revenue or individual crop prices are below average. In this regard, it subsidises five crops, namely corn, soybeans, wheat, cotton and rice. There are smaller subsidies for peanuts, sorghum and mohair. Regionally, Texas, Nebraska, Kansas, Arkansas and Illinois have been the largest recipients in recent years, receiving 38.5% of the total subsidies in 2017. The farming sector's ability to lobby was evident in 2019, when the government diverted \$19 billion to farmers by cutting \$5 billion from the Supplemental Nutrition Assistance Program.<sup>5</sup>

1 Jessica Almy, "How the United States Can Remain a World Leader in Agriculture", *The Hill*, October 21, 2018, <https://thehill.com/opinion/energy-environment/412388-how-the-united-states-can-remain-a-world-leader-in-agriculture>

2 Almy, "How the United States".

3 Kimberly Amadeo, "The US Agriculture Industry and How It Works", *The Balance*, November 13, 2019, <https://www.thebalance.com/us-agriculture-stats-facts-history-4776144>

4 Almy, "How the United States".

5 Dan Charles, "Farmers Got Billions from Taxpayers in 2019, and Hardly Anyone Objected", *NPR*, December 31, 2019, <https://www.npr.org/sections/thesalt/2019/12/31/790261705/farmers-got-billions-from-taxpayers-in-2019-and-hardly-anyone-objected>

## Analysis

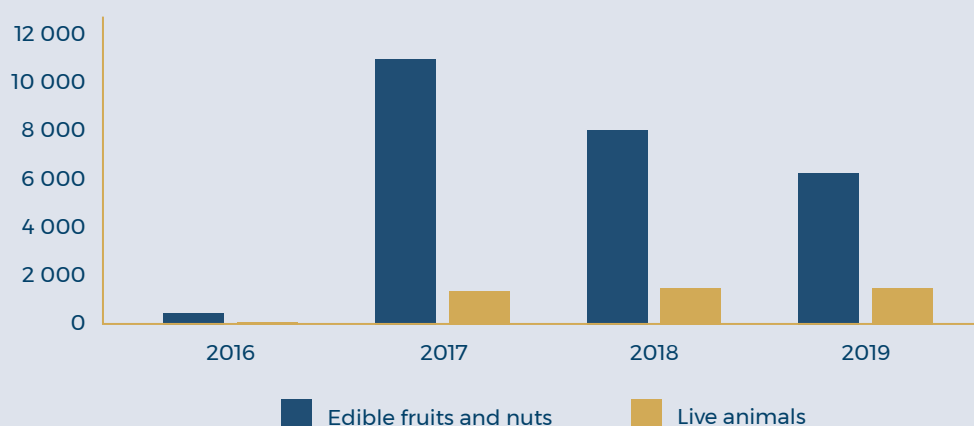
When China joined the WTO in 2001, US agricultural exports to the country were under \$2 billion.<sup>24</sup> By 2017 they were worth \$23.8 billion. On 4 April 2018, as part of escalating the trade war with the US, China announced plans to impose 25% higher tariffs on more

24 Fred Gale, James Hansen and Michael Jewison, "China's Growing Demand for Agricultural Imports", *US Department of Agriculture Economic Information Bulletin*, February 2015, [https://www.ers.usda.gov/webdocs/publications/43939/eib-136.pdf?v=42058#:~:text=Box%3A%20China's%20Agricultural%20Export%20Growth%20Diminishes&text=U.S.%20imports%20from%20China%20include.and%20spices%20\(appendix%202\).](https://www.ers.usda.gov/webdocs/publications/43939/eib-136.pdf?v=42058#:~:text=Box%3A%20China's%20Agricultural%20Export%20Growth%20Diminishes&text=U.S.%20imports%20from%20China%20include.and%20spices%20(appendix%202).)



edible fruit and nut exports grew by 32.7% and 5.7% respectively, while tobacco exports dropped -10.06% (2018) and then grew by 6.79% in 2019 compared to 2018. It is clear that that the region’s agricultural exports to China have not experienced exponential growth since the onset of the trade war, as the 2016–2017 period saw more growth in exports than the period following the trade war and retaliatory tariffs. Furthermore, although the growth in total tobacco exports in 2018 outgrew exports in 2017, there was still a decline in 2018 (of -10.06%), before growing again to \$644 million in 2019. However, this still fell short of the \$670 million seen in 2017; thus we can determine the trade war years have not been particularly beneficial for the SADC tobacco exporters.

**Figure 2 Total ECOWAS exports to China, 2016–2019 (\$ million)**



Source: ITC TradeMap, "Bilateral trade between Economic Community of West African States (ECOWAS) and China. Product: Total All Products", [https://www.trademap.org/Bilateral\\_TS.aspx?nvpm=1%7c%7c8%7c156%7c%7cTOTAL%7c%7c%7c2%7c1%7c1%7c2%7c2%7c1%7c1%7c1%7c1%7c1](https://www.trademap.org/Bilateral_TS.aspx?nvpm=1%7c%7c8%7c156%7c%7cTOTAL%7c%7c%7c2%7c1%7c1%7c2%7c2%7c1%7c1%7c1%7c1%7c1)

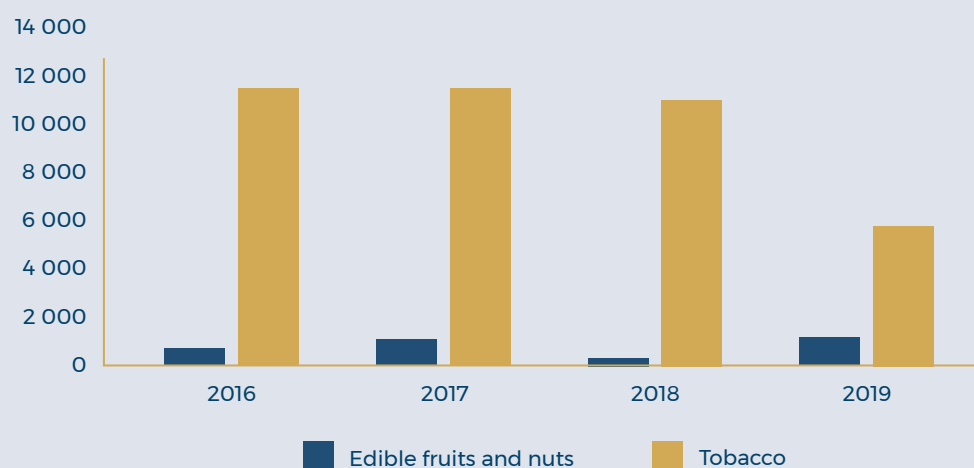
In the pre-trade war period (2016–2017), ECOWAS experiencing growth in fruit and nut exports by up to 2115% and of live animals by up to 2110.1%. On the other hand, following the trade war (ie., in 2018 and 2019), edible fruit exports dropped -25.88% (2018) and -22.81% (2019), while exports of live animals grew by 7.89% and 2.84%.

In the pre-trade war period (2016–2017), edible fruit and nut exports and tobacco exports to China by the EAC saw growth of 59.3% and 0.34% respectively. The period following the outbreak of the trade war saw the following movements: edible fruit and nut exports dropped -68.4% (2018) and then grew by 228.9% in 2019, while tobacco exports declined by -4.08% (2018) and -47.4% (2019).

All the while US tobacco exporters were complaining about their declining agricultural exports to China, with North Carolina farmers, the US’ principal exporter, ‘expected to plant

the smallest tobacco crop since before World War II.<sup>28</sup> In 2017 the state exported some \$162 million worth of tobacco to China. In 2018 that amount fell to \$4 million. This marked a 98% decline, owing in large part to tariff increases from less than 10% to 25% (and, admittedly, some bad weather).<sup>29</sup>

**Figure 3 Total EAC exports to China, 2016–2019 (\$ million)**



Source: ITC TradeMap, "Bilateral Trade between East African Community (EAC) and China. Product: Total All Products", [https://www.trademap.org/Bilateral\\_TS.aspx?nvpm=1%7c%7c3981%7c156%7c%7cTOTAL%7c%7c%7c2%7c1%7c1%7c2%7c2%7c1%7c1%7c1%7c1%7c](https://www.trademap.org/Bilateral_TS.aspx?nvpm=1%7c%7c3981%7c156%7c%7cTOTAL%7c%7c%7c2%7c1%7c1%7c2%7c2%7c1%7c1%7c1%7c1%7c)

## Comparative insights

As one among many potential substitute sources, it is not guaranteed that Africa will be able to fill the gap introduced by the trade war. Moreover, there is evidence that other agricultural exporters in Asia (with the added advantage of proximity to China) and Latin America and the Caribbean are more prepared to do so. Table 1 shows their fruit and nut exports to China over the same period.

As one among many potential substitute sources, it is not guaranteed that Africa will be able to fill the gap introduced by the trade war

28 Zachery Eanes, "Chinese Tariffs and Bad Weather Continue to Hammer North Carolina's Tobacco Farmers", *The News & Observer*, May 21, 2019, <https://www.newsobserver.com/news/local/article230491769.html#storylink=cpy>.

29 Eanes, "Chinese Tariffs and Bad Weather".





2018 and 2019, but declined some -10.23% in the year preceding the onset of the trade war. Overall, the aggregate growth pattern in the entire two-year period is as follows: Latin America and the Caribbean (84.05%), Asia (79.42%) and Africa (42.62%). Thus, Africa has neither the steady growth pattern of Asia nor the exponentiality observed by Latin America and the Caribbean.

The regional grouping with the most consistently upward trajectory in agricultural exports is Asia, which grew steadily – by 37.91% in the first year of the trade war (2018) to 41.51% in the second (2019)

#### BOX 2 FOCUS ON PORK

Although not harmful to humans, African swine fever is a highly contagious virus that is fatal to domestic pigs. Moreover, the virus is resistant to treatment, can survive being cooked, and endures in frozen meat for numerous years. Between February and December 2019, in addition to the decreased supply caused by the US-China trade war, some 55% of Chinese pigs died of African swine flu (mostly stemming from its Asian suppliers), leading to a shortage of pork and inflating prices. Africa was not able to fill this gap, with most of China's supply coming from Spain, Germany, Canada, Brazil and the US. South Africa, the biggest pork exporter on the continent, sent only about 2% of its exports to China. Most of the continent is a net importer of pork.

While Africa has been touted as a potential major player, its promotion of the pork industry has been lacklustre. For example, Nigeria's fabled pig population of 7.1 million is reportedly based on a National Agricultural Sample Survey conducted in 2011, and according to agricultural economists this number 'does not reflect the radical changes which have taken place in the industry since then'.<sup>1</sup> Some estimates show that the pig population may have doubled since the previous survey.<sup>2</sup>

However, the lack of incentives from the state (also evident in other countries) is a major impediment to growth. Indeed, the experience of the US demonstrates the critical role of this factor. Modest results have been yielded in Malawi's pig industry owing to the creation of such incentives alongside non-governmental organisation participation, leading to the country surpassing Uganda's 2.1 million (presently counting at 3.6 million). On a year-on-year basis, the country's herd is growing at an average rate of 16.53%. At 7% of GDP, pigs now rank as the country's second highest

earner in the livestock sector after cattle and ahead of goats. As a result, in recent years the country has been able to diversify away from its traditional tobacco reliance.<sup>3</sup>

- 1 Efua Konyim Okai, "Africa's 'Porkpreneurs': Stepping Up to the Challenge of Pork Imports", *The Pig Site*, July 2, 2018, <https://thepigsite.com/articles/africas-porkpreneurs-stepping-up-to-the-challenge-of-pork-imports>
- 2 Okai, "Africa's 'Porkpreneurs'".
- 3 Emmanuel Muwamba, "Malawi's Pig Business Takes a Sudden Jump", *Pig Progress*, January 17, 2018, <https://www.pigprogress.net/World-of-Pigs/Articles/2018/1/Malawis-pig-business-takes-a-sudden-jump-236348E/>

## Caveats

Correlation is not causation. The exponential growth in the agricultural exports of Asia and Latin America and the Caribbean to China need not necessarily be a result of the trade war. Other variables may be at work, including the success of pre-trade war domestic policy measures in the relevant countries, including increased foreign direct investment.<sup>30</sup> Nevertheless, the above findings, secondary reports by observers in the various regions and statements by producers themselves (especially in Brazil, Chile and Vietnam) point to consistent growth in exports to China as a result of conditions complemented by the trade war, which was a structural transformation that worked in their favour.<sup>31</sup> These demonstrate potentially missed opportunities for Africa (or, at the least, insufficient utilisation of the 2018-2019 window). Other factors, among them a favourable season, do not by themselves explain the destination of the produce (in this case China). Thus, in light of these patterns, it can be deduced that the trade war has been a major factor in the growth of agricultural exports to China.

The exponential growth in the agricultural exports of Asia and Latin America and the Caribbean to China need not necessarily be a result of the trade war. Other variables may be at work

30 "Study Shows which Policies Succeed in Developing Agriculture", *Farmer's Weekly*, March 20, 2019, <https://www.farmersweekly.co.za/opinion/by-invitation/study-shows-which-policies-succeed-in-developing-agriculture/>.

31 John Reed and Valentina Romei, "US-China Trade War Gives Vietnam a Winning Streak", *Financial Times*, June 23, 2019, <https://www.ft.com/content/4bce1f3c-8dda-11e9-a1c1-51bf8f989972>; Youyou Zhou, "The US-China Trade War Is Creating Winners out of Brazil, Australia, Mexico, and Canada", *Quartz*, August 9, 2019, <https://qz.com/1684207/mexico-canada-and-australia-are-winning-the-us-china-trade-war/>; Sintia Radu, "These Economies Are Benefiting from the US-China Trade War", *US News and World Report*, August 23, 2019, <https://www.usnews.com/news/best-countries/articles/2019-08-23/these-countries-are-the-winners-of-the-china-us-trade-war>.

# Conclusion

The US-China trade war is a reality, with all signs pointing to its outlasting the Trump administration. Most Democratic Party members in the US Congress, as well as presumptive Democratic nominee for president, former vice-president Joe Biden, increasingly support a tougher stance on China.<sup>32</sup> Bipartisan consensus on this has grown with China's introduction of the Hong Kong National Security Law in June 2020, with the US Senate unanimously passing a bill on July 2 'to penalize banks doing business with Chinese officials who implement Beijing's draconian new national security law on Hong Kong'.<sup>33</sup> With a bipartisan consensus on tougher policies on China, of which the trade war is likely to become one of many, escalated strains in US-China relations that result in weaponization of commercial interdependence are likely a medium- to long-term prospect that may undergo lulls but nonetheless remain a viable option for US administrations.<sup>34</sup> Diversification thus remains an imperative for China.<sup>35</sup> Africa needs to think of it as such and put in place relevant policy measures.

Furthermore, the outbreak of the Covid-19 pandemic and its diffusion pattern from China to North America, Asia and Europe create an impetus for increased intra-continental trade. Most pertinently, and perhaps most practically, the findings indicate that African agriculture has a unique moment in history in which to flourish. It is worth recalling that African agriculture always struggled to break out despite the continent's natural niche in terms of arable land. This is because the EU and the US put in place subsidies that crowd out African agricultural produce. Worse still, the EU's common tariff of between 30% and 60% on African coffee produce (for green and roasted coffee respectively) discouraged African producers from beneficiating their produce. Now there are new incentives to subsidise agriculture in Africa. There is also a need for increased support for smallholder farmers, particularly in terms of policies geared at limiting biological threats, as well as beneficiating and value-adding to fruit- and vegetable-related products. African juice, syrup and furniture producers have an opportunity to penetrate the Chinese market as never before. The AU missed the opportunity to ensure purchases from China for African agricultural produce in the 2018 FOCAC summit, which coincided with the first year of the trade war. The task lies with the China desks in countries' agricultural departments (and collectively through the AU Joint Conference of Ministers of Agriculture, Rural Development, Fisheries and Aquaculture, for example) to harmonise standards to facilitate further entry into the Chinese market and prevent hurdles down the road, as well as obtain long-term

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32 Nels Frye, "Why China Is Rooting for Joe Biden to Win 2020 Presidential Race", *New York Post*, March 12, 2020, <https://nypost.com/2020/03/12/why-china-is-rooting-for-joe-biden-to-win-2020-presidential-race/>.

33 Patricia Zengere, "Bill Targeting Banks over China's Hong Kong Law Passes US Senate", *Reuters*, July 2, 2020, <https://www.reuters.com/article/us-hongkong-protests-usa-sanctions/bill-targeting-banks-over-chinas-hong-kong-law-passes-us-senate-idUSKBN2432NA>.

34 Cardiff Garcia and Stacey Vanek Smith, "Weaponized Interdependence: The End of Globalization?," *NPR*, June 3, 2019, <https://www.npr.org/2019/06/03/729401275/weaponized-interdependence-the-end-of-globalization>.

35 Wendong Zhang and Tao Xiong, "The Coronavirus Will Delay Agricultural Export Surges Promised in Trade Deal with China", *The Conversation*, March 13, 2020, <https://theconversation.com/the-coronavirus-will-delay-agricultural-export-surges-promised-in-trade-deal-with-china-132227>.



commitments from their Chinese counterparts. Non-state actors such as agricultural producer unions and associations should examine the factors that have made the US' agricultural industry globally dominant, as this may offer critical insights for the continent. Engagements in the lead-up to the 2021 FOCAC summit should reflect on these.

Another goal of the facilitation could be ensuring the initiation of African-led joint agricultural ventures and operations. This could be the best way to find out (much like the US did leading up to the Phase One deal) what China needs in terms of agricultural products. At the same time it could give China a stake in the success of the agricultural sector and therefore prioritise it over other markets, which are eager to close the gap posed by the trade war. Ultimately, the trade war is a window of opportunity in which Africa can bolster its agricultural industries and use those to further diversify and enrich its export profile, enabling it to think beyond China. This has been given special impetus by the Covid-19 pandemic, which has transformed demand-supply cycles. Encouragingly, in the Ten-Year Plan of its Agenda 2063 the AU commits itself to continuously identifying key lessons from the first decade of implementation, particularly on agriculture and value addition in agribusiness.<sup>36</sup> The trade war should inform this process and be part of such lessons, in addition to extracting lessons from the US experience and the success of its agricultural industry (see Box 1).

In conclusion, a question worth asking is whether the US, denied a traditional market in China, could have diverted its supply to Africa, and the other two regions studied here. Interestingly, data on US exports to Africa shows that edible fruit and nut exports, for example, grew from \$91.8 million in 2017 to \$95.05 million in 2018. In 2019 this figure nearly doubled, to \$142.15 million. Thus, as African agricultural exports to China have been exhibiting a slowing growth pattern in the wake of the trade war, US agricultural exports to the continent have been growing exponentially. There may never have been more pertinent and incentivising circumstances for increased agricultural capacity on the continent.

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<sup>36</sup> AU, *First Ten-Year Implementation Plan*, 38.

# Author

## Bhaso Ndzendze

is the Research Director at the Centre for Africa-China Studies at the University of Johannesburg and lectures on postgraduate courses on Africa-China relations and on technology dynamics in international relations in its Department of Politics and International Relations. He is a PhD candidate at the University of the Witwatersrand, with his dissertation focusing on the impact of changing intra-regional trade and interdependence on the foreign policies and interstate wars of East African countries in the late 20<sup>th</sup> century.

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### Cover image

A fruit picker picks peaches for export on Boschendal Estate in Cape Town (Gideon Mendel/Corbis via Getty Images)

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Jan Smuts House, East Campus, University of the Witwatersrand  
PO Box 31596, Braamfontein 2017, Johannesburg, South Africa  
Tel +27 (0)11 339-2021 · Fax +27 (0)11 339-2154  
[www.saiia.org.za](http://www.saiia.org.za) · [info@saiia.org.za](mailto:info@saiia.org.za)