

BUSINESS NEWS

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Trump's hailing of \$50 billion in Chinese farm purchases seen as 'meaningless'

Dominique Patton

BEIJING (Reuters) - China is still a long way from forking out \$50 billion for farm goods from the United States, agriculture industry officials say, that getting there is contingent on removing substantial technical and political hurdles.

FILE PHOTO: Imported soybeans are transported at a port in Nantong, Jiangsu province, China August 6, 2018. REUTERS/Stringer/File Photo

Outlining the first phase of a deal to end a trade war with China, U.S. President Donald Trump on Friday lauded his counterparts for increasing purchases of U.S. agricultural goods to \$50 billion.

That would be double the \$24 billion China spent on American farm goods in 2017.

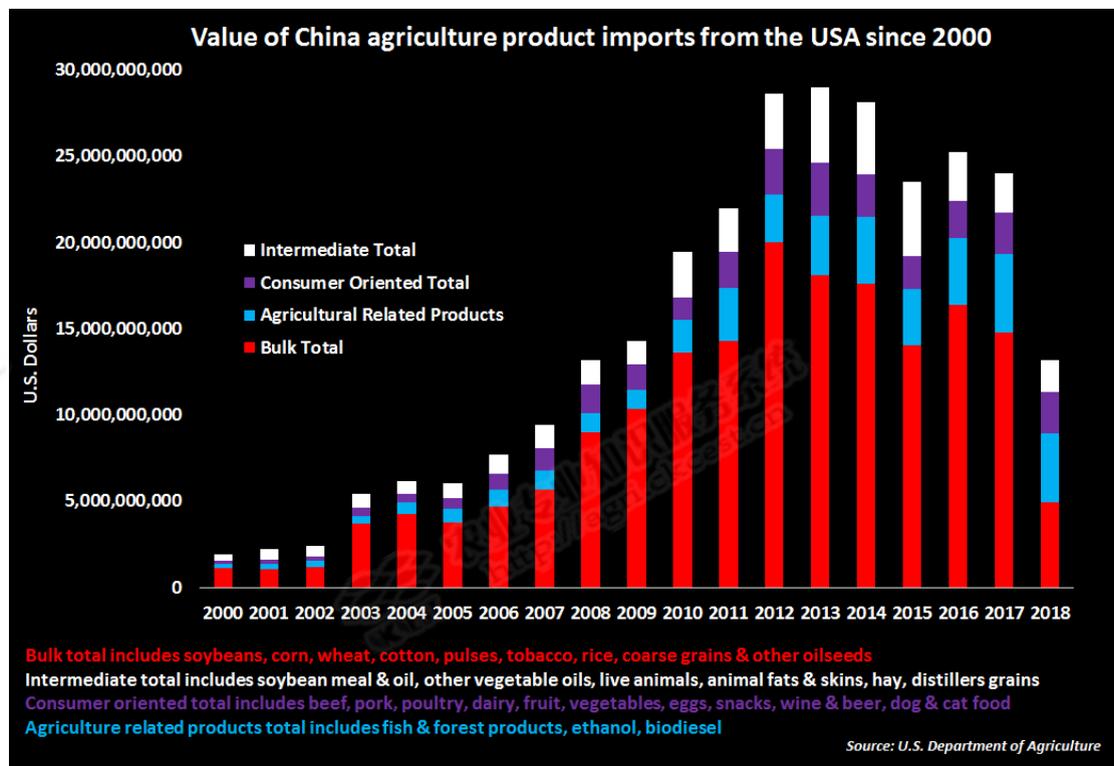
But Darin Friedrichs, senior Asia commodity analyst at brokerage INTL FCStone in Shanghai, threw cold water on the pledge.

“I think it’s a meaningless big number, thrown out to get headlines, and won’t happen,” Friedrichs told Reuters.

Boosting purchases so substantially will depend on further progress on other, more thorny, issues still to be dealt with in the talks,

“It’s probably still dependent on a larger deal going through,” said Tobin Gorey, director of Agri Commodities Strategy at Commor

(GRAPHIC: China agriculture product imports from the United States - [here](#))



The emerging deal between China and the United States, covering agriculture, currency and some aspects of intellectual property is step by step by the two countries in 15 months to end a tariff tit-for-tat that has whipsawed financial markets and slowed global growth.

U.S. Treasury Secretary Steve Mnuchin has said the agriculture purchases would be scaled up annually.

But even with a breakthrough on bigger issues, scaling up farm imports to that level is a “big, big ask”, said Ole Houe, director of a Commodities in Sydney.

‘MARKET UNCERTAIN’

Soybeans made up more than half of China’s agriculture purchases from the United States in 2017, at about \$13 billion. Bringing it will be difficult with African swine fever curbing soymeal demand in China, said Houe.

Substantially larger soy imports from the United States would also mean reduced purchases from other producers such as Brazil, w in recent years to accelerate Brazilian soybean shipments.

Imports of other products, ranging from corn to pork and beef, have always been much smaller than soybean sales, impacted by w barriers.

To boost imports of U.S. beef, China would need to lift its ban on hormones and drug residues in meat, allowing for similar trading and South Korea, said Joel Haggard, Asia president of the U.S. Meat Export Federation.

That could see it export more than \$1 billion in beef to China, he said, or ten times the current level, but it could take a year or two

Other China-based market watchers were cautious about expecting any notable increase in purchases beyond soybeans until a bro

“As to other products, we need wait for a major breakthrough. Maybe after the deal gets signed in four to five weeks. I think the go deal,” said a trader with a state-owned Chinese trading firm.

“The market is still uncertain about whether there will be a trade deal. What if there is more escalation? What if Trump tweets som

The world’s two largest economies have made progress in their trade dispute before without sealing a deal. In May, U.S. officials ac sweeping agreement that was nearly finished over a refusal to make changes to Chinese laws that would have ensured its enforcea

Trump had said previously he would not be satisfied with a partial deal to resolve his effort to change China’s trade, intellectual pr which he argues cost millions of U.S. jobs. On Friday, he said he had decided that a phased approach was appropriate.

Reporting by Dominique Patton in Beijing. Additional reporting by Naveen Thukral in Singapore and Hallie Gu in Beijing; Editing by Robert Birsel

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