

Impact of Chinese-US Trade War on Soybean Industry in Heilongjiang Province

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Abstract: In 2018, China and the United States launched a trade war. The United States raised tariffs on Chinese imports. As a counter-attack, China raised tariffs on American soybean exports. Heilongjiang Province is the largest soybean planting area in China. This paper analyses the situation of soybean import and export output in Heilongjiang Province in recent years, and analyses the influencing factors of Chinese-US trade war on soybean import and export in Heilongjiang Province, and puts forward solutions to this problem. Studying the influence of Heilongjiang soybean industry on Chinese-US trade war will be helpful to analyze the development and development trend of China's soybean industry and how to revitalize the soybean industry.

Keywords: Chinese-US trade war; Heilongjiang province; Soybean industry; Impact analysis

1. Introduction

In the early morning of March 23, 2018, the United States fired its first shot in the trade war with China in 2018. In response, China formally implemented counter-measures against US tariffs on July 6, 2018. China is the largest soybean importer in the world, and the United States is the largest soybean producer in the world. The amount of soybean imported in China accounts for about one third of the total soybean output every year. Restricting the import of soybean from the United States will promote the revitalization of China's domestic soybean industry. Heilongjiang Province is the main soybean producing area in China, and the general planting area and yield account for about 40% of the whole country. From various factors, Heilongjiang Province is suitable for soybean cultivation, and also the most potential development area in the country.

2. Analysis on the Current Situation of Soybean Industry in Heilongjiang Province of China

2.1. Current situation of soybean industry in Heilongjiang province, China

In recent years, especially under the influence of the Chinese-US trade war in 2018, as well as the impact of imported soybeans and the poor comparative benefit of soybeans, soybean planting area has been greatly reduced, which has resulted in the increase of soybean imports and the decrease of soybean exports year by year in Heilongjiang Province, resulting in a serious deficit in Soybean foreign trade. At present, the problems of soybean in

Heilongjiang Province are more prominent, such as difficult to improve its comparative benefit, high commodity rate, difficult to realize rotation, less difficult to increase its value. Developing soybean products intensive processing, taking the road of industrialization development and strengthening soybean industry are of great practical significance to promote the regional economic development of Heilongjiang Province and the revitalization of soybean industry in China.

2.2. Current situation of soybean industry trade in Heilongjiang province, China

Soybean is one of the most important food crops in China. It has been cultivated for 5000 years. Northeast China is the main producing area. It is a kind of crop whose seeds contain abundant plant protein. With the continuous development of world economy and trade and the continuous efforts of major soybean exporters, the import and export trade of soybean and its related products has become an important part of world economy and trade, which is of great significance to the development of global economy.

Generally speaking, the characteristics of soybean industry in Heilongjiang Province are as follows: firstly, the import quantity of soybean in Heilongjiang Province increases year by year, the export quantity decreases year by year, and there is a serious deficit in soybean foreign trade. Secondly, the United States has become China's largest source of soybean imports, and soybean is an important component of American agricultural exports.

2.3. Problems of soybean industry in Heilongjiang province of China

China has a history of several thousand years in soybean cultivation, but with the change of time, there are some problems in soybean industry in Heilongjiang Province, such as difficult to improve comparative benefits, high commodity rate, difficult to sell, difficult to realize rotation, less difficult to add value and so on. In addition, in 2018, China and the United States launched a trade war, China increased tariffs on American soybeans, resulting in increased costs of importing American soybeans. But. At present, the soybean industry in Heilongjiang Province is facing the following four important problems.

2.3.1. Soybean yield in Heilongjiang province is currently low

Although Heilongjiang Province has cultivated some varieties with high protein and oil content, the average oil content of soybeans is about 18%, which is 1-2 percentage points lower than that of American soybeans, and the protein content is not high. There are many kinds of soybeans for both products and special varieties. There are many diseases and insect pests in Soybean in Heilongjiang Province. The quality and quantity of soybean are seriously affected, so it can't be used to extract oil. Therefore, imported soybeans are mainly used for domestic oil and feed, which is a necessity.

2.3.2. China's soybean production is not in supply and demand

Heilongjiang Province has always been the main soybean production area, accounting for about a quarter of the country. However, the yield of soybean per mu is lower than that of corn, rice and market price, and farmers' enthusiasm for soybean is not high. Compared with rice and maize, soybean planting area is much less, which restricts the development of soybean planting industry in Heilongjiang Province. And in 2018, Heilongjiang corn prices continued to rise, resulting in an increase in maize planting area, soybean planting area decreased.

In 2018, China imported 88.03 million soybeans, amounting to 380.60 billion US dollars. China's soybean planting area has increased for the second consecutive year, thanks to the sustained promotion of structural reform on the agricultural supply side. Therefore, importing soybeans from other countries is the main way to meet our domestic soybean demand.

2.3.3. China has a high dependence on American soybean

China has a high degree of dependence on US soybeans, and the share of imported US soybeans accounts for nearly 50% of the total import share. Soybean imports and trade deficits in agricultural products are much higher than those in other commodities. The total domestic soybean imports in 2018 totaled 88.0334 million tons, a decrease of 7.5031 million tons, or 7.85%, compared

with 95.5365 million tons in 2017. This is the first decline after years of continuous rise since 2012, which means that the Chinese-US trade war has reduced China's soybean imports.

3. The Impact of Chinese-US Trade War on Soybean Industry in Heilongjiang Province

3.1. US soybean exports declined and Heilongjiang soybean imports declined

After the Chinese-US trade war, Chinese buyers dared not risk buying American soybeans. The import volume of American soybeans dropped sharply. Although the arrival volume of South American soybeans increased sharply, it was still insufficient to make up for the lack of import volume of American soybeans, resulting in the overall import volume being significantly lower than last year.

In the second half of 2018, there was an outbreak of African swine plague, and the epidemic continued to develop. The epidemic led to the impeding of cross provincial transport of domestic pigs and the widening of regional spreads. In the fourth quarter, the demand for feed consumption was generally increased, but in the first quarter of 2019, the expected decline in pig stocks resulted in more cautious consumption of feed.

3.2. Soybean import cost of Heilongjiang province rises

China's increase in import tariffs on US agricultural products by 25% will also prompt China to seek other soybean import channels, such as increasing soybean imports from other major soybean producing areas such as South America, Canada, Brazil, etc. These areas also have great potential for increasing production and supply, but it will also lead to the rise of soybean prices in these areas and increase the cost of imports.

3.3. The price of agricultural products in Heilongjiang province rises

Demand for soybean, pork and other products in Heilongjiang Province may be greater than supply. Because China's output increase is relatively limited, but in the short term, it is difficult to have a significant reduction in the total import volume, which will lead to the rise of prices of relevant agricultural products in Heilongjiang Province, thus driving the consumption of alternatives, and will have a greater impact on the development of relevant agricultural products industry in Heilongjiang Province.

3.4. Promoting the development of soybean industry Chain in Heilongjiang province

In recent years, around the market demand, the province has accelerated the cultivation and promotion of good

varieties, tapped the potential of yield and quality improvement, extended the industrial chain, and the soybean industry has developed steadily. China can use import tariffs and VAT income of soybean and other related agricultural products as special income to support agricultural investment and raise the standard special funds for rural pension payment.

4. Heilongjiang Province's Relevant Measures to Deal with Chinese-US Trade War

4.1. Relevant countermeasures at the government level

4.1.1. Promulgation of government regulations

Heilongjiang Agricultural and Rural Department issued the Guiding Opinions on Accelerating Soybean Marketing in Heilongjiang Province to the outside world, requiring all localities to give full play to the advantages of soybean production in Heilongjiang Province, integrate channels and customer resources of the government, departments and various enterprises, extend the industrial chain, comprehensively strengthen soybean marketing, enhance the quality and efficiency of soybean market supply in Heilongjiang, and promote comprehensive and all-round revitalization.

4.1.2. Promoting soybean processing enterprises to start production

In view of the fact that the main soybean processed products in the province are soybean oil, soybean meal, soybean food and other primary products, which have short industrial chain, low added value and weak market competitiveness, we should adhere to the principle of "grain head, food tail" and "farm head and work tail", promote the integration of existing soybean processing capacity, accelerate the improvement of the degree of soybean industry organization and market development capacity, and focus on cultivating processing capacity through integration. Soybean processing enterprises with strong strength, high market share and long processing chain and well-known soybean brands. We will vigorously develop the soybean intensive processing industry, highlight the development of soybean food processing, promote the transformation and upgrading of oil processing, expand the market of refined oil meal (cake), attract the production capacity of condiments, health products, soybean protein and other products to our province, and promote the steady growth of soybean area, increase production input, increase output and quality by extending the industrial chain and increasing planting benefits.

4.2. National countermeasures

4.2.1. Eliminate misunderstandings and strengthen the "win-win" propaganda of Chinese-US economic and trade

The trade war initiated by the United States has a certain basis of public opinion in its domestic policy needs and measures, which are largely due to misunderstanding of Chinese-US trade. Therefore, it is indispensable to strengthen the propaganda of the "win-win" nature of Chinese-US trade. For example, China's exports to the United States also contain many American-funded enterprise products, and the export restrictions of the United States on China's high-tech products are also important contributing factors. This kind of propaganda should focus on the international organizations and agencies and the American state government, business people, to a certain extent, weaken the popular basis of the trade war.

4.2.2. Import of soybeans from many countries

We will increase imports of soybeans from other major soybean producing areas such as South America, Canada and Brazil, where there is still great potential for increasing production and supply. Especially after the recovery of Argentina's soybean production, it is expected to increase the supply of more than 15 million tons. At the same time, Brazil is expected to increase soybean planting area in a trendy way, and the yield may increase by more than 5 million tons. Ukraine, Russia and other "one belt and one way" participating countries may also gradually become China's soybean supplier countries in the future.

4.3. Strategies for enterprises

For enterprises in Heilongjiang Province, vigorously develop non-GMO soybean oil, soy milk, soy sauce and soybean paste and other general soybean food processing enterprises. Give full play to the advantages of source resources, highlight the characteristics and create well-known brands, and build a series of soybean food processing bases. To speed up the development of soybean intensive processing, we should not only vigorously advocate attracting investment and increasing the number of large and medium-sized processing enterprises, but also pay attention to guiding local people to set up various small and micro enterprises, produce various kinds of small and fine consumer goods, and take the road of continuous development and growth.

5. Conclusion

At present, the development of soybean industry in Heilongjiang Province is still at a slow stage. It is of great practical significance to develop the intensive processing of soybean products, take the road of industrialization development and strengthen the soybean industry in order to promote the revitalization of soybean industry in Heilongjiang Province and regional economic development. Generally speaking, China's soybean industry has a broad development prospect. It can be predicted that China's soybean industry will be revitalized and China's

economic development will be promoted to a new stage by the cooperation of the government, the state and the enterprises in promoting the start-up and production of soybean processing enterprises and importing soybeans from other countries.

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