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Advocating for Agriculture

Tariff Update Since "Liberation Day"

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Background:

The Indiana Farm Bureau tariff update from April 11, 2025, provided an overview of what was known in the initial days of the various tariffs announced on April 2, *Liberation Day*. Nearly two months have passed, and a clearer picture of the United States trade relationships is emerging as countries approach the administration to negotiate trade deals.

As details of signed trade agreements are announced, the impact on Indiana farmers will be easier to quantify. This paper will update the tariff disputes with three primary trading partners – Mexico, Canada, and China and the current tariff levels. Then, the paper will identify the primary agricultural exports by the U.S. and Indiana and the primary importing countries. The paper will conclude with a discussion of a Purdue University survey eliciting feedback from farmers on their attitudes about the administration's attempt to adjust global trade.

The analysis in this paper uses the five-year export value from the U.S. Department of Agriculture Foreign Agricultural Service *GATS Database* to establish the typical trading partners for the U.S. and Indiana. Market circumstances may influence a country's import volume so that an average will smooth out some of the influence of any outlier year.

1) Timeline of major tariff announcements since Inauguration Day

The timeline of the tariff disputes does not necessarily start on *Liberation Day,* April 2, 2025. The Trump administration campaigned to implement tariffs globally to rebalance trade. Tariff and trade news has emerged rapidly since Inauguration Day, and it is easy to forget or confuse the tariff news timeline. The following is a recap of the tariffs and retaliatory tariffs timeline with three main trading partners: Mexico, Canada, and China.

Canada and Mexico Timeline

- February 4 - A 25% tariff will be applied to imports from both countries. The U.S. implemented this tariff to motivate both countries to help eliminate the crossings of unauthorized immigrants through their respective borders. Both countries quickly negotiated a 30-day pause to allow time to police their respective borders better.

- March 4 – Canada places a 25% retaliatory tariff on U.S. pork, dairy, and eggs.

- April 2 — The "Liberation Day" tariff, which was set at a minimum of 10% for most nations, did not apply to Canada and Mexico since they were already at a 25% tariff rate.

  Canada, Mexico, and the U.S. agreed that the tariffs would not apply to items negotiated in the U.S.-Mexico-Canada Agreement (USMCA) signed in 2020. The USMCA agreement allows tariff-free corn, soybeans, beef, pork, dairy, and egg products entry into Canada and Mexico. Canada does have tariff-rate quotas (TRQ) on dairy products and eggs that may trigger a tariff once the TRQ is met. Canada's dairy tariffs limit the U.S. to 3.6% of Canada's dairy market, with limits applied to both fluid milk and processed products. The U.S. dairy and egg exports have stayed below the TRQ since the USMCA was implemented in 2020.

- May 19 – Canada temporarily suspends retaliatory pork, dairy, and eggs tariffs.

China

The primary target of the *Liberation Day* tariffs is China.

- February 1 — The Trump administration announced a 10% tariff on all Chinese imports on February 1 to encourage China to stop exporting the ingredients needed to make fentanyl. China retaliated with a 10% tariff on selected U.S. exports, including agricultural machinery.

- March 4 — The U.S. added another 10% tariff to provide even greater motivation for China to stop the flow of fentanyl. China responded on March 4 with a 15% tariff on corn, wheat, cotton, and chicken. China has also placed a 10% tariff on soybeans, sorghum, pork, beef, fruits/vegetables, and dairy products.

- April 2 — On Liberation Day, the tariff on China was ratcheted up by another 34%. Remember that tariffs are additive, so imports from China faced a 54% tariff by combining the Liberation Day tariff with the fentanyl-motivated tariffs. China retaliated by increasing

tariffs by 34%. As a result, the tariff on U.S. corn is effectively 49%, and the tariffs on U.S. soybeans, pork, beef, and dairy products are at 44%.

- April 9 — The U.S. increased the tariff on China to 84%, for an effective tariff of 104% on Chinese imports. China responded by raising the tariff to 84%, for an effective rate of 99% for corn and 94% for soybeans, pork, beef, and dairy.

- April 10 — The Trump administration continued to ramp up the tariff to 145% for an effective China tariff of 165%. The administration then announced a 90-day pause and lowered the tariff to only 84% (plus 20% additional for fentanyl). China responded by reducing the tariff to 34% for the effective rates of 49% for U.S. corn and 44% for U.S. soybeans, pork, beef, and dairy.

- May 12 — President Trump announced on May 12 a 90-day pause with the Chinese tariffs. The U.S. maintains the 20% tariff to continue the fentanyl motivation. China responded by suspending the 34% tariffs but keeping the 15% tariff on corn and the 10% tariff on soybeans, pork, beef, and dairy.

- May 28 - The U.S. Court of International Trade (UCIT) ruled that the administration did not have the authority to impose the tariffs using the International Emergency Economic Powers Act *unless* Congress approved the tariffs. The USCIT eliminated the base rate applied to most countries and specifically removed the tariffs on Canada, Mexico, and China.

- May 29 – A federal appeals court temporarily reinstated the tariffs while reviewing the administration's appeal.

2) What is the average value of U.S. agricultural exports from 2020 to 2024?

The average export value of U.S. agricultural products from 2020 to 2024 is presented in Figure 1. The top U.S. agricultural export is soybeans, with an average value of $27.9 billion annually. The United States also exports soybeans in the processed form of soybean meal ($6 billion), soybean oil ($730 million), and biodiesel products ($995 million). The total value of soybeans and related soybean products is an average export value of $35.7 billion.

Exports of corn and corn processed into ethanol and the byproduct DDGS (Distiller Dried Grains with Soluble) averaged $21 billion from 2020 to 2024. Exports of industrial starches and proteins had an average value of $1.9 billion. The total average export value of corn and its processed products was an average of $23 billion.

The U.S. also exports significant beef, pork, dairy, and egg products. The average export value of beef was $10 billion, and pork products had an average export value of $8 billion. Dairy exports averaged almost $8 billion, and egg product exports averaged $710 million. The average value of meat, dairy, and egg exports was $26.8 billion from 2020 to 2024.

The average U.S. agricultural value from 2020 to 2024 was $85.5 billion.

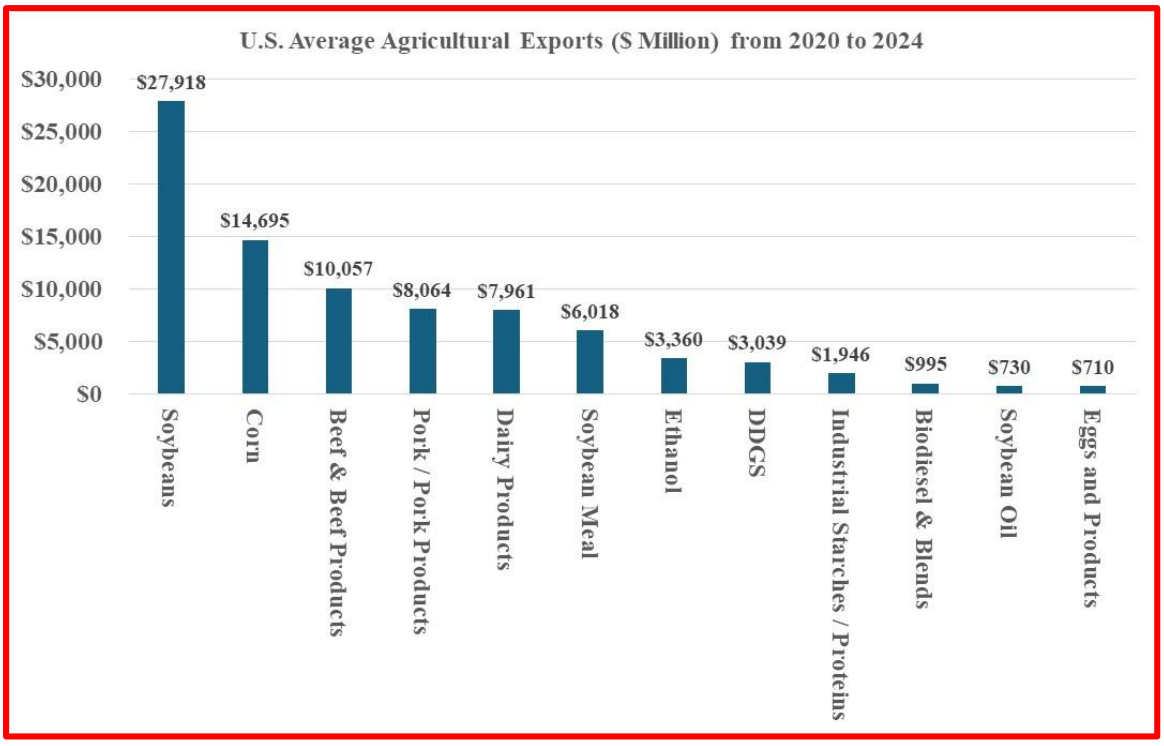

Figure 1. United States' Average Agricultural Exports from 2020 to 2024 ($ Million).
Source: USDA: Foreign Agricultural Service GATS Database.

3) Who are the top customers of U.S. agricultural exports?

Since the tariff war has been focused on China, Mexico, and Canada, let us look at the percentage of average exports sold to those countries and identify the other top purchasers of our agricultural exports. China is included in the graphs to demonstrate the relative importance of China on U.S. and Indiana agricultural exports.

The percentages will not sum up to 100% because the graph does not have space to include all trading partners. The reader should assume that the unidentified countries represent the rest of the world.

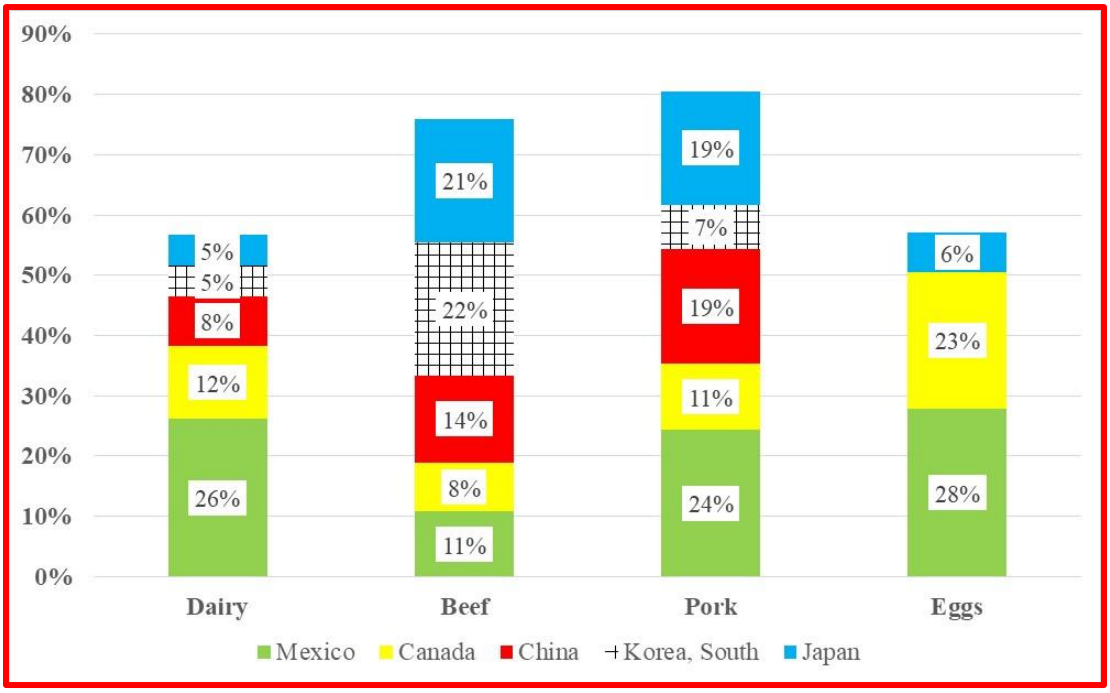

Figure 2. Primary Importing Countries of United States's Meat, Dairy and Egg Products from 2020 to 2024.

Source: USDA: Foreign Agricultural Service GATS Database.

Figure 2 shows the share of U.S. meat, dairy, and egg exports purchased by main customers or the primary countries of interest for this paper. Mexico and Canada are the top importers of U.S. dairy products. China imported 8% of the average dairy export value, while Japan and South Korea each imported 5% of the average export value.

On average, South Korea was the top destination for U.S. beef products from 2020-2024, with 22% of the exports going to it, and Japan imported 21% of the exported value. China imported 14% of the exported value, with Mexico and Canada importing 11% and 8%, respectively.

Mexico was the top importer, on average, of U.S. pork (24%) from 2020 to 2024. China and Japan both imported 19% of the export value. Canada purchased 11% of pork exports, and South Korea imported 7% of U.S. pork exports from 2020 to 2024.

Canada and Mexico were the top two importers of eggs, with 28% and 23% of the average export value, respectively. Japan imported an average of 6% of the value of egg exports.

3) Who are the top customers of U.S. agricultural exports? | Continued

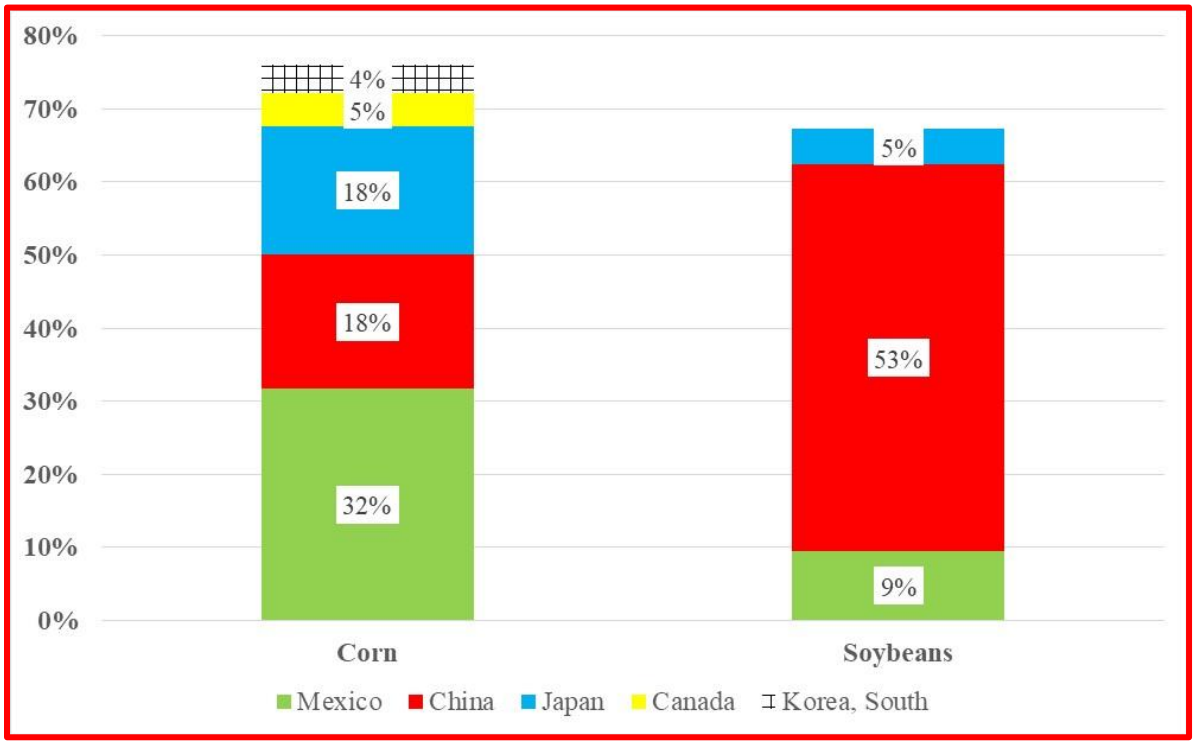

Figure 3. Primary Importing Countries of United States's Corn and Soybeans from 2020 to 2024.
Source: USDA: Foreign Agricultural Service GATS Database.

Mexico was the largest corn importer on average from 2020 to 2024, with 32% of the export value going south of the border. China and Japan imported 18% of the U.S. corn export market value. Canada and South Korea trailed behind the other countries with 5% and 4% of the average corn export value.

Figure 3 also illustrates the global reliance on China as the soybean destination. From 2020 to 2024, China imported an average of 53% of the value of U.S. soybean exports. Mexico was the second largest customer, with 9% of the export value. Japan imported an average of 5% of the value of U.S. soybean exports.

4) What is the average value of Indiana's agricultural exports from 2020 to 2024?

Indiana is a top producer of corn (ranked #5 in the U.S. in 2023), soybeans (#4 in 2023), hogs (#5 in 2023), and egg production (#3 in 2023) as reported by USDA: NASS. Indiana is also ranked #15 in milk production and #35 in beef cattle in 2023. Since Indiana is strong in crop and livestock production, it should not be surprising to see the top exports derived from corn, soybeans, eggs, pork, dairy, and eggs (Figure 1).

The most significant valued agricultural exports from Indiana were for industrial starches/proteins and DDGS, with an average export value of $237 and $226 million, respectively, from 2020 to 2024 (Figure 4). Including the value of corn exports ($56 million) and ethanol ($40 million), the total value of corn and processed corn exports averaged $559 million from 2020 to 2024 (Figure 4).

Similarly, the value of the exports of soybeans and processed soybeans into soybean meal and oil averaged $42 million. Biodiesel, made from soybean oil, had an average export value of $14 million. The total value of soybean and processed soy products averaged $56 million (Figure 4).

Indiana also exported significant amounts of livestock and poultry products. Pork exports averaged $219 million, while dairy exports averaged $138 million. While most of Indiana's eggs are consumed domestically, the state exported an average of $19 million in egg products. Beef products had an average export value of $5 million. The average value of meat, dairy, and egg exports was $381 million (Figure 4).

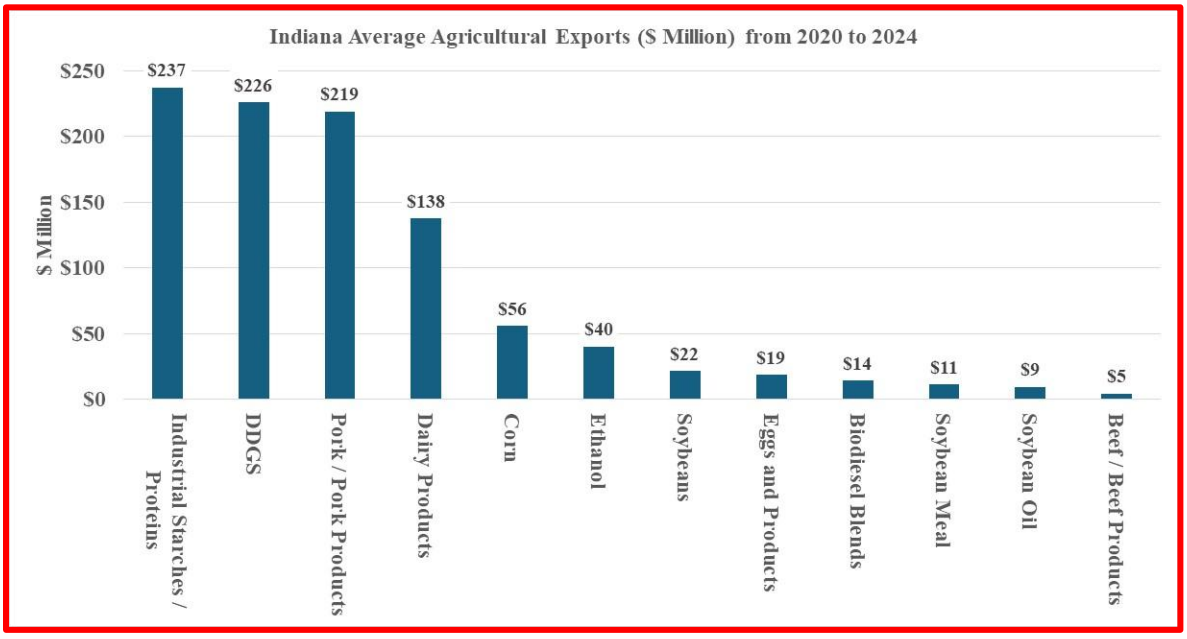

Figure 4. Indiana's Average Exports from 2020 to 2024 ($ Million).
Source: USDA: Foreign Agricultural Service GATS Database.

5) Primary export destination of Indiana agricultural products

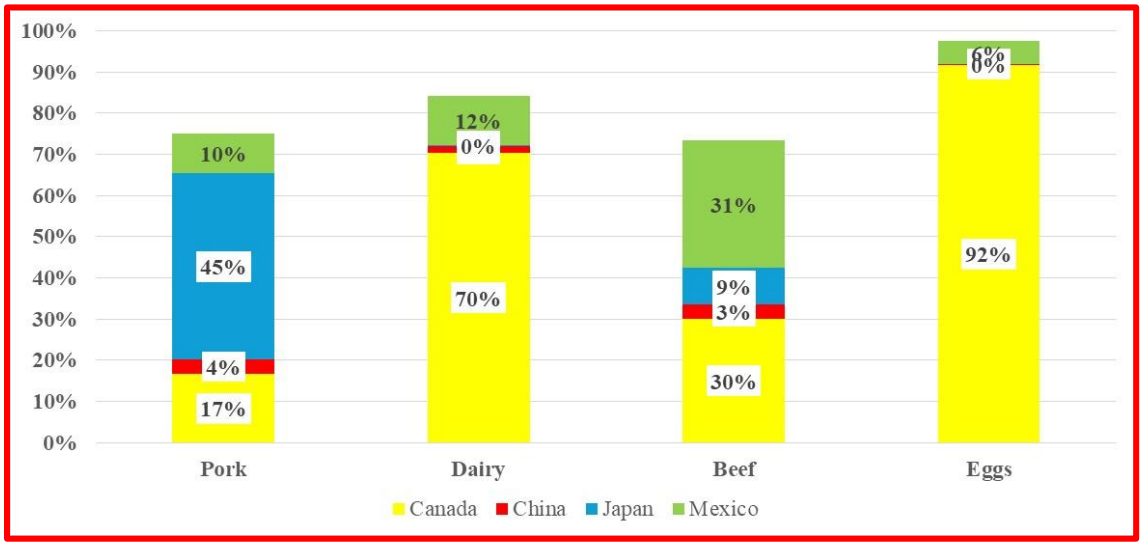

Figure 5. Primary Importing Countries of Indiana Meat, Dairy and Egg Products from 2020 to 2024.
Source: USDA: Foreign Agricultural Service GATS Database.

Figure 5 shows the primary trading partners for Indiana's livestock, dairy, and eggs. Japan, on average, was the top destination for Indiana pork products, purchasing about 45% of the state's exported value. Canada and Mexico were the second and third-best customers, buying 17% and 10% of the exported value from 2020 to 2024, respectively. Only 4% of Indiana pork's exports went to China, on average, from 2020 to 2024.

As you might expect, most of Indiana's dairy, beef, and egg products were exported to our nearby neighbors. Canada purchased 70% of Indiana's dairy, 30% of Indiana's beef, and 92% of Indiana's egg exports on average from 2020 to 2024. Similarly, Mexico purchased 12% of the dairy, 31% of the beef, and 6% of egg exports for this period. China only bought 3% of the value of Indiana's beef and was a marginal purchaser of the state's dairy and eggs.

5) Primary export destination of Indiana agricultural products | Continued 2/3

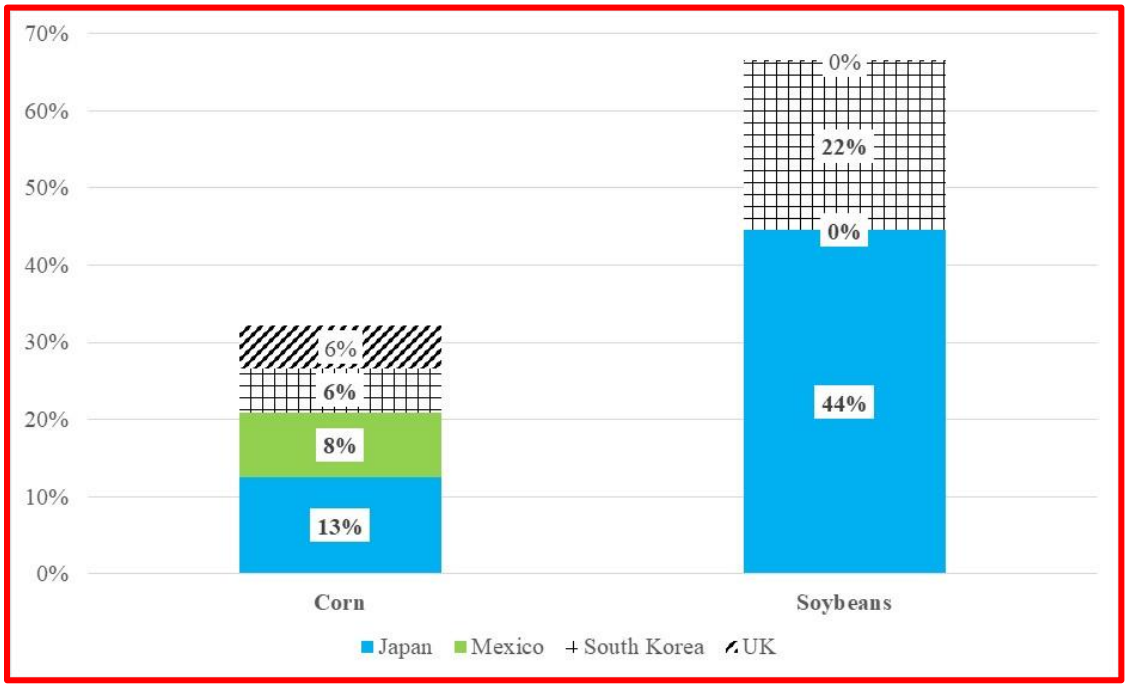

Figure 6. Primary Importing Countries of Indiana Corn and Soybeans from 2020 to 2024.
Source: USDA: Foreign Agricultural Service GATS Database.

The share of the state's corn and soybean exports and the purchasing countries are shown in Figure 6. You will notice that Japan purchased the largest average value of corn (13%) and soybeans (44%) from 2020 to 2024. Mexico purchased an average of 8% of the state's exported corn over this period but was a marginal soybean customer. China, while an important customer for U.S. corn and soybeans, was not a top destination for Indiana's corn and soybean crops. Canada imported significant percentages of the state's meat, dairy, and egg exports but was not a substantial importer of corn and soybeans.

From 2020 to 2024, South Korea imported, on average, 6% of Indiana's corn exports, while the United Kingdom purchased another 6% of the exported corn value (Figure 6). In contrast, South Korea imported about 22% of the state's soybean exports from 2020 to 2024, but the UK was a marginal importer of Indiana soybeans.

5) Primary export destination of Indiana agricultural products | Continued 3/3

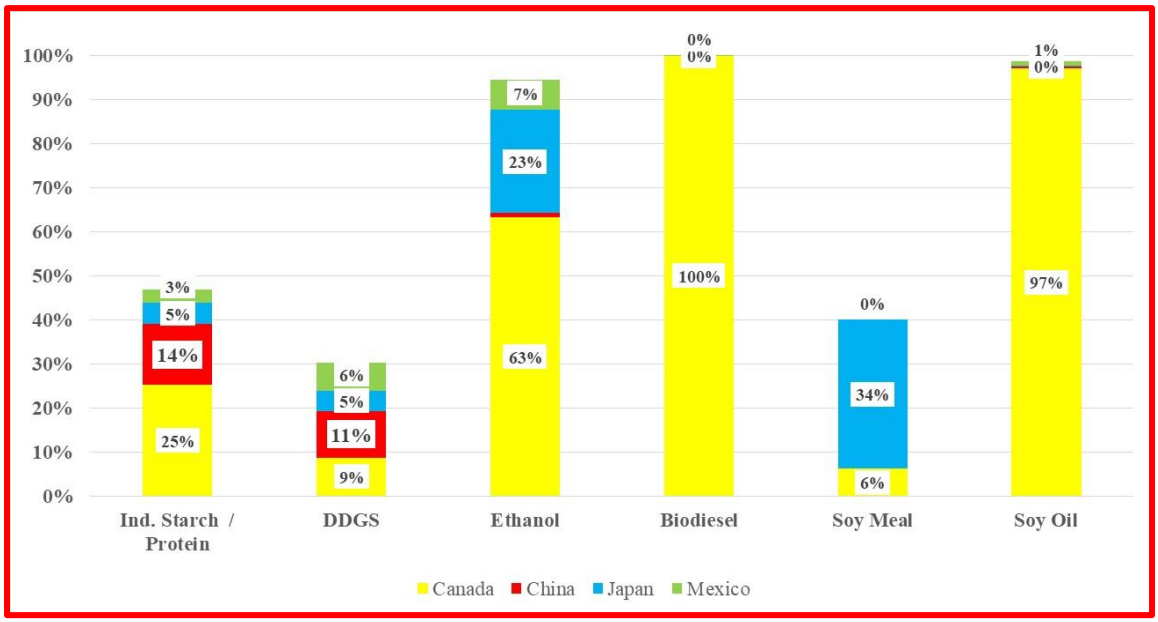

Figure 7. Primary Importing Countries of Processed Corn and Soybean Products from 2020 to 2024.
Source: USDA: Foreign Agricultural Service GATS Database.

Figure 7 shows the primary destination for the processed corn and soybean products. Industrial starches/proteins, the highest-value agricultural export, sent 25% of the export value to Canada, with 14% exported to China. Japan purchased an average of 5% of the exported value, while Mexico had a 3% share of the export value.

Indiana-produced DDGS are exported to several countries that contributed a small share to the total value of exports. China imported an average of 11% of DDGS exports, with Canada importing an average of 9% of the DDGS export value. Mexico's import share averaged 6%, with Japan averaging a 5% share of the state's DDGS exports from 2020 to 2024.

Canada was the primary customer for Indiana-produced ethanol and biodiesel, with an average export share of 63% and 100% from 2020 to 2024. Japan imported about 23% of the state's ethanol exports, with Mexico importing 7% of the export value. China had no significant ethanol imports and zero average biodiesel purchases from 2020 to 2024.

Soybean Meal, like DDGS, has several customers who import smaller shares. Japan was the primary purchaser of Indiana-produced soybean meal, with a 34% share of the exported value. Several Asian countries were purchasers of soybean meal. Canada imported 6% of the average value for the countries of interest, but Mexico was insignificant to Indiana soybean meal exports.

Canada purchased, on average, 97% of Indiana-produced soybean oil, with 1% of the value exported to Mexico. China and Japan were not significant purchasers of Indiana soybean oil.

6) How are farmers responding to surveys about the tariffs?

There have not been many surveys of farmers to elicit their views of trade disruption and tariffs, as this is a recent policy risk. The *Purdue University / CME Group Ag Barometer* survey from April 2025 asked farmers their expectations on the impact of tariffs on farm income. This survey targets 400 farmers nationwide who produce row crops, livestock, or dairy and have annual gross revenue of at least $500,000.

Fifty-six percent of the respondents believe the tariffs will either a negative or very negative impact on farm income. Surprisingly, 21% responded that the tariffs will have a positive or very positive impact on farm income. The survey asked the respondents for their opinions on the likelihood of receiving a payment like the Market Facilitation Program (MFP) received during the first Trump administration. Fifty-nine percent believed that payments are likely, with 21% indicating that payments are very possible. Similarly, 72% of the respondents think it is important or very important for Congress to pass a new farm bill in 2025. In addition, 70% of the respondents believe the agricultural economy will be stronger in the long run from this trade realignment.

The *Center for Commercial Agriculture* at Purdue University has the survey results online if you want further information.