

CLIMATE & ENVIRONMENT

A trade war under Trump would bring major losses for California agriculture, experts warn



A man stands in a newly planted pistachio orchard in Terra Bella, Calif., in 2021. (Irfan Khan / Los Angeles Times)

By Ian James
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- California's agriculture industry takes in billions of dollars exporting pistachios, wine and other products to China, Mexico, Canada and other nations.

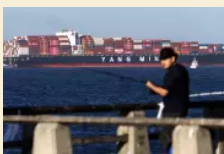
- In a recent analysis, economists said President-elect Donald Trump's plans for tariffs would trigger retaliatory measures and bring major losses for the state's agriculture industry.

As President-elect Donald Trump vows to impose tariffs on imports from China, Mexico and Canada, economists are warning that a retaliatory trade war could cause major financial damage for California's agriculture industry.

In an [analysis](#) published before the presidential election, researchers examined potential scenarios of tariffs and retaliatory measures, estimating that if a significant trade war occurs, California could see the value of its agricultural exports reduced by up to one-fourth, bringing as much as \$6 billion in losses annually.

The experts at UC Davis and North Dakota State University said some of the most vulnerable commodities include pistachios, dairy products, wine and almonds, all of which are exported in large quantities to China.

“The worst-case scenario is pretty bleak,” said Sandro Steinbach, director of North Dakota State University's Center for Agricultural Policy and Trade Studies. “Basically, tariffs are harmful to U.S. agriculture, and to California agriculture in particular, because they will invite tariff retaliation.”



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The researchers analyzed three scenarios of potential U.S. tariffs, two of them based on proposals floated by Trump and his campaign. They wrote that if the Trump administration were to impose large tariffs under the most extreme scenario, retaliatory measures by other countries “would have a ripple effect across the state, from the large almond orchards in the Central Valley to the small family vineyards scattered throughout wine country.”

Steinbach co-authored the research with UC Davis emeritus professor Colin A. Carter and North Dakota State doctoral researcher Yasin Yildirim.

They noted that California's farmers experienced financial losses during Trump's first administration, when the adoption of U.S. tariffs in 2018 [prompted China to retaliate](#) with tariffs on American agricultural goods. That hit California's exports of major farm products, bringing losses for growers of walnuts, almonds and other crops.

The researchers said farmers in the Midwest received significant federal subsidies to cushion the blow in 2018 and 2019, but that California farmers were largely left out of the government compensation.

"If a new wave of aggressive protectionist policies is enacted, California's agricultural exports could face similar consequences — up to \$6 billion in annual losses — especially in key industries like pistachios, dairy, and wine," the economists wrote.

"Rather than pursuing policies that invite global retaliatory measures, the United States should work toward more balanced trade agreements that protect domestic industries without sparking harmful trade wars," they said. "All countries involved in a trade war lose, and California agriculture simply cannot afford another trade war."

The research was published by the University of California's [Giannini Foundation of Agricultural Economics](#).



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The researchers studied one scenario in which the U.S. would impose a 10% import tariff on all goods from every country. They also examined an extreme scenario in which the U.S. would impose a 60% tariff on Chinese goods and a 10% tariff on imports from all other countries.

More recently, Trump has [promised to impose 25% tariffs](#) on all goods from Canada and Mexico, and also an [additional 10% tariff](#) on imports from China.

“The scale of a potential trade war and subsequent retaliation is considerably larger than we have seen before,” Steinbach said.

The extent of the economic damage for California’s agriculture industry, and for producers of different crops, will depend on which approach Trump takes, Steinbach said. For example, if large U.S. tariffs on Mexican and Canadian goods trigger retaliatory measures by those countries, California sellers of processed tomatoes would be hit especially hard because they depend on those countries to buy more than half of their exports.

In addition to the immediate losses the industry would face in a trade war, the costs of the disruptions probably would be lasting, Steinbach said, as foreign competitors take a larger market share and as uncertainty leads investors to put less money into California agriculture.

“We have climate uncertainty already. We have water policy uncertainty,” Steinbach said. “And if you add now an additional layer of trade and tariff policy on top of it, why would I want to invest a large amount of money into producing agricultural commodities?”

The researchers said farming areas in the Central Valley and Southern California are especially vulnerable to economic damage. They projected that five counties — Fresno, Kern, Tulare, Merced and Imperial — probably would bear the brunt of the losses in a trade war, accounting for 53% of the estimated total losses.

A majority of voters in each of [those five counties](#) voted for Trump in the election.



CLIMATE & ENVIRONMENT

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March 4, 2024

In the case of pistachios, the crop is considered especially vulnerable because China accounts for a large share of California's exports. Growers also have [planted vast new pistachio orchards](#) over the last decade, dramatically expanding production as they have sought to capitalize on the lucrative crop.

The researchers said that in a worst-case scenario, pistachio exports alone could suffer annual losses of up to \$1 billion.

Other commodities that are projected to see substantial declines in exports include hay, walnuts, rice, beef, grapes, oranges and cotton.

Agriculture uses much of the water that is diverted and pumped in California. But Steinbach said the potential effects on farms' water use, both regionally and statewide, are uncertain and will depend on a complex mix of factors.

Gov. Gavin Newsom has [strongly criticized](#) Trump's plan to impose tariffs on Mexico and Canada. During a [visit to the U.S.-Mexico border](#) in San Diego County on Thursday, Newsom described the planned tariffs as a tax that would boost food prices for Americans and add to inflation.

"Don't think for a second this won't impact you," Newsom said.

The governor said that California would be affected more severely than any other state, and that farmers and ranchers "will be impacted disproportionately if these tariffs go into effect." He said that's before considering Trump's plan to carry out [mass deportations of undocumented immigrants](#), who are a large portion of California's farmworkers.

"I hope we could all agree the impacts on this region and your pocketbook will universally be felt regardless of your politics," Newsom said. "That's a betrayal that needs to be revealed to those that embraced and supported this agenda. That betrayal is taking place in real time. You are being betrayed by these policies."

Trump's transition team [responded](#) in a written statement, saying the president-elect's policies will benefit all Americans.

“President Trump has promised tariff policies that protect the American manufacturers and working men and women from the unfair practices of foreign companies and foreign markets,” Trump transition team spokesperson Karoline Leavitt said in the [statement](#).



CLIMATE & ENVIRONMENT

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Nov. 25, 2024

Shannon Douglass, president of the California Farm Bureau, said in an email that the state's agriculture business “has faced significant challenges due to past trade disputes.”

“We advocate for fair trade practices and urge the federal government to prioritize policies that protect and strengthen the viability and sustainability of our nation's agricultural sector,” Douglass said.

The plans for tariffs bring additional uncertainty for almond growers who have been struggling because of [declines in prices](#) over the last decade. Some of those declines resulted from the last round of [retaliatory tariffs imposed by China](#) in 2018.

This year, almond prices have begun to increase again.

“The market's rebounding. It's coming back. Growers are still hurting,” said Jake Wenger, general manager of the Salida Hulling Assn., which runs an almond-hulling plant in Modesto. “This year, people should at least be able to pay their bills, but I do know of growers that have had to sell off some of their land to pay bills, to pay debts, just to stay in business.”

Wenger said there are about 110 growers in his co-op, but he hasn't heard anyone voicing concerns about tariffs.

"I don't think anybody's that worried," he said. "There are going to be some changes, yep, but we'll see what happens, what changes do come, and we'll roll with the punches, like farmers always do."

Keith Schneller, the trade policy advisor for the Almond Board of California, said the almond industry "continues to support reducing barriers to trade."

"We are following these discussions," he said, "but until the next administration's agriculture and trade policy positions are more defined, it is difficult to know what the implications might be for California almonds."

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