

The Wilson Times

Our Opinion: Wilson tobacco on front lines of China trade war

April 6, 2018

A high-stakes game of one-upmanship between President Donald Trump's administration and the Chinese government should give Wilson County farmers cause for concern.

China recently announced plans to hike tariffs on 106 American imports by 25 percent — and tobacco, the cash crop that put Wilson on the map — has a target on its back.

Duties would be imposed on a dozen tobacco products, including the flue-cured golden leaf most commonly grown and brokered here. Yellow and black soybeans are also on the tariff hit list.

“If this were to continue and go into effect, it could impact the incomes of our farmers in a very direct way,” North Carolina Farm Bureau President Larry Wooten told the Durham Herald-Sun. “We're going to be working hard to say this is really problematic for American agriculture.”

Flue-cured tobacco was Wilson County's top-grossing crop in 2017. Farmers sold more than \$49.2 million worth of tobacco, accounting for more than a third of the county's \$141.4 million annual income from the sale of farm products, according to N.C. Cooperative Extension figures.

Wilson producers also cashed in on soybeans to the tune of nearly \$14.4 million, an increase from \$12.4 million in 2016.

The Tar Heel State produces roughly half of all United States tobacco, Wooten told the Herald-Sun, and about three quarters of the tobacco grown here is exported overseas. Declining sales statewide will have a ripple effect on Wilson, which still lives up to its “World's Greatest Tobacco Market” moniker.

Once the global leader as the site of tobacco contract sales, Wilson now trails Zimbabwe and possibly Brazil but remains the largest tobacco market in North America by volume.

“Wilson is the hub of the tobacco producing area serving as the central location for flue production in eastern North Carolina,” Wilson County Cooperative Extension Director Norman Harrell told the Times last fall. “Wilson also has a long history of moving a lot of tobacco.”

A 25 percent tariff may entice Chinese companies to find substitutes for American tobacco, switching to up-and-coming competitors like Brazil. Seismic shifts in the worldwide marketplace could put eastern North Carolina growers in a pinch.

In a Thursday tweet, Trump denied that the U.S. was entering a trade war with China, and administration officials preached restraint, predicting tit-for-tat tariff announcements would lead to a negotiated settlement that would stabilize commerce between the countries and may reduce the United States' \$500 billion trade deficit with China.

Later that evening, however, the president floated an additional \$100 billion in new tariffs on Chinese goods. The Associated Press said the move "intensified what was already shaping up to be the biggest trade battle since World War II."

The dueling duties face bipartisan skepticism, with Democrats denouncing the tariffs and free-market conservatives piling on. Writing for the libertarian, Koch Bros.-funded Cato Institute, Pierre Lemieux declares Trump "has delivered corporate welfare at the expense of American consumers."

Establishment Republicans wary of crossing the party's standard-bearer tried to strike a moderate tone, expressing concern but advocating a wait-and-see approach.

Sen. Richard Burr, R-N.C., told the Durham newspaper he generally opposes tariffs but takes China to task for closing its marketplace to some American goods. He said Trump is aiming for a fair trade agreement that may result in a net benefit.

Kimberly Reynolds, executive director of the North Carolina Democratic Party, accused the GOP of trying to score "cheap political points" and predicted the trade tussle would be "disastrous for rural North Carolina."

Trump can make the case that continuing a lopsided trade relationship with China isn't in the U.S.' long-term best interest, but the mere existence of a trade deficit doesn't always mean one partner is being taken for a ride. If there are symptoms of subterfuge, can they be excised with a scalpel instead of a sledgehammer? And what if the cure is worse than the disease?

Like real wars, trade wars can inflict heavier casualties on some sectors than others, and for now it appears that North Carolina agriculture is on the front lines. We call on politicians from both parties to keep the Tar Heel State and the World's Greatest Tobacco Market in mind as they approach the bargaining table.