Soybeans have been unexpectedly thrown into the centre of the emerging trade war between the United States and China. After US president Donald Trump announced new tariffs, targeting Chinese exports into the US, China reacted swiftly with the announcement of its own tariffs on US imports into China. Soybeans were among the products that the Chinese used in their retaliation response. A closer look at the soybean industry helps to reveal why this crop found itself in the global headlines.

Soybeans are widely used for cooking oil and animal feed, but play a minor role in global trade. China and India are the major producers of soybeans, accounting for about 60 per cent of the world’s total production. However, China relies on imports from the US, Brazil and Argentina to meet its domestic demand. In 2017, soybeans were the single largest product category for US agricultural exports, with sales of $22 billion. This exceeded exports of meat and poultry by $4 billion.

The main producers globally are the US, Brazil and Argentina, as well as (at a distant third place) Paraguay, Canada and Ukraine. Soybeans are grown in these countries for domestic consumption and export. However, China relies heavily on US imports, accounting for about 60 per cent of the world’s total agricultural exports to China. In 2017, China was the world’s largest importer of soybeans, followed by Mexico and then the Southeast Asian and European markets (which are channeled through the Dutch and German shipping ports).

This picture of global soybean trade makes it clear that Brazil and Argentina will not be able to meet China’s demand alone, even if they now have a competitive advantage over the US producers. When considering the position of soybeans in trade, it is important to note that the agricultural sector is one of the few sectors in the US that runs a trade surplus with the rest of the world. Donald Trump’s decision to announce new tariffs targeting China was largely designed to combat the trade deficit between the two countries in most other sectors. In responding with tariffs against soybeans, China is weakening its ability to do so.

Globally, the US has been running a growing trade deficit (up by 25 per cent since 2010), while China has a considerable (yet shrinking) surplus. These wider patterns are reflected in the trade relationship between the two countries in which China is a major contributor to the US deficit and increases its own surplus as a result.

The interconnected nature of US and Chinese trade becomes very visible in these maps and helps to shine a light on the current conflict. Soybeans are now a symbol of the complexity of global trade relations, manifested in the cobwebbed and shifting flows of goods across the planet.