

China has quietly got Trump by the soybeans

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After President Donald Trump rolled out the red carpet for [his summit with China's Xi Jinping](#) last week, the U.S. and China agreed to move toward lower tariffs on [\\$30 billion worth of goods](#) in each direction. China's side covers [1,619](#) U.S. products—stretching from beef and seafood to cosmetics and medical gear—but it leaves out a politically sensitive import: commodity soybeans.

While seed soybeans, soybean flour, and by-products from soybean processing made the cut for tariff relief, the raw soybeans American farmers sell in bulk to China—the ones at the heart of U.S-China farm tensions—did not.

Why soybeans matter

Soybeans are one of the country's biggest agricultural exports, and China is the most important buyer. The U.S. exported \$16.5 billion worth of soybeans last year, making

soybeans the second-largest agricultural export after corn, [according to the U.S. Department of Agriculture](#). China [buys more soybeans](#) than every other country because it has limited arable land.

That dependence has made soybeans vulnerable to swings in U.S.-China trade policy. In the years before the first Trump trade war in 2018, the American Soybean Association [estimated 28%](#) of all U.S. soybean production was shipped to China. When Beijing then imposed a 25% retaliatory tariff on U.S. soybeans in 2018, the [USDA estimated](#) farmers absorbed \$9.4 billion in soybean losses, costing Iowa \$1.2 billion and Illinois \$1.3 billion.

The Midwest bears the brunt of this pressure. [Illinois and Iowa are](#) the country's two largest soybean producers, followed by Minnesota, Indiana, and Nebraska. North and South Dakota, Missouri, and Ohio are also major growers. Soybeans are traded in export and national markets, so weaker Chinese demand can hurt farmers by driving down the cash prices they receive at local grain facilities.

That helps explain why Trump focused on soybeans in his dealmaking with Beijing. In November, he [struck a deal](#) with Xi under which China committed to buying at least 25 million metric tons of soybeans in 2026, 2027, and 2028. After he met Xi in May, the first time a U.S. president visited China since 2017, the White House [announced](#) China agreed to buy at least \$17 billion in agricultural products on top of those prior soybean commitments.

China has options

For all of soybeans' importance to American farmers, China has another supplier: Brazil.

Unlike with products such as beef, whose quality varies depending on the country of origin, bulk soybeans are interchangeable and ultimately end up crushed in troughs for livestock feed, according to Ker Gibbs, former president of the American Chamber of Commerce in Shanghai. "They go into pig feed, so it's not like the pigs are really gonna see a big difference between American soybeans and Brazilian soybeans," he told *Fortune*.

Brazil had already overtaken the U.S. as China's largest soybean supplier over a decade ago, but recent trade tensions have widened the gap. [USDA said 71% of China's soybean imports came from Brazil](#), and its agricultural attaché in Beijing [reported last year](#) that Brazil's share had continued to grow "at the expense of the United States," helped by cheaper prices.

"They definitely want to keep Brazil warm, and so they don't want to suddenly shift everything over to the U.S.," Gibbs told *Fortune* about China excluding commodity soybeans from the list. "They're leaving the door half closed."

Keeping soybeans for another round

Leaving raw soybeans outside the tariff relief package also gives Beijing a holstered weapon, according to Usha Haley, a professor at Wichita State University who has studied Chinese trade strategy.

“That gives China a bargaining chip for subsequent talks, and, of course, this is about leverage,” Haley told *Fortune*. “They offer enough to demonstrate that they are moving on things, that they are present, but they always hold something back economically and politically for the next round.”

China doesn’t need to stop buying U.S. soybeans entirely for that pressure to work, having bought [1 million tons of them](#) ahead of the Trump-Xi summit.

“Commercial purchasing and negotiating leverage can operate simultaneously,” Haley said. She ‘said’ China just has to keep access to its soybean market uncertain and expensive for farmers operating on thin margins. “Uncertainty also has a cost.”

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