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HOW TARIFFS THREATEN NORTH CAROLINA AGRICULTURE

NC FARMERS AT RISK

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Executive Summary

Agriculture in North Carolina, its rural economy, and even the state economy all face considerable risks if major trading partners such as China, the European Union, Canada, and Mexico retaliate against the U.S. to protest President Donald Trump's more aggressive trade policy.

This paper attempts to estimate the impacts on several crops important to North Carolina's agriculture industry — and on the economy as a whole — of retaliatory tariffs that may result from Trump's tariff agenda.

To evaluate these impacts, the author looks to historical examples to gauge potential economic consequences of large disruptions in international trade as well as to estimations in the academic literature of the price sensitivities of certain commodities to a drop in exports.

The estimated losses would deal a significant blow to North Carolina's economy. For what seem like plausible reductions in agricultural exports, the potential losses to the state's farming industry included in this paper add up to $695 million. That represents approximately one-third of average net farm income in North Carolina.

Such a contraction would lead to a total of roughly 8,000 lost jobs, both directly in the agriculture industry along with the ripple effects from that lost revenue. The job losses would be concentrated in North Carolina's rural communities.

Factoring in indirect effects on the rural economy of North Carolina adds additional estimated revenue losses on the order of $1.2 billion. That brings potential total economic losses due to trade policy retaliation to

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$1.9 billion, equal to over 2 percent of the gross state product of North Carolina.

The easiest way to avoid the risks from countries retaliating against the U.S. for placing restrictions on international trade is not to put restrictions on international trade in the first place.

If forced to deal with the likelihood of such retaliatory trade policies hurting North Carolina agriculture's traditional export markets, however, North Carolina farmers have only a limited set of options for minimizing the damage. They can search for new markets, constantly protecting themselves against becoming too reliant on any one or a few trading partners. They can develop larger domestic markets for their commodities, such as through generic product advertising and funding new product development. They can also try to create value-added products derived from their bulk commodities, capturing a larger share of the food dollar and keeping more of the post-harvest income and jobs from further processing within North Carolina. Still, while all these are worth pursuing, they are not likely to be sufficient — especially in the short run — to mitigate the risks North Carolina farmers currently face from a potentially damaging tariff regime.

Introduction

In terms of the volume of international trade by states, North Carolina ranks 15th in the U.S. for exports and 13th for imports by dollar value.[1] North Carolina is also eighth for total gross farm sales, thanks to a mix of crops and a very strong presence in livestock, especially poultry and hogs.[2] Therefore, as America enters a new era of trade policy centered around tariffs, threats of retaliation, protracted negotiations over trade rules, and the uncertainty that accompanies all of these events, it is prudent to assess the risk to North Carolina's agricultural sector from these trade policy actions and the potentially ensuing retaliation by other countries.

At a simple level, the upheaval in international trade should have two offsetting effects on North Carolina farmers. First, anyone who produces a commodity that faces competition from imports should win if those imported products face tariffs or other trade barriers. Those gains will then be offset by potentially lost export sales if countries retaliate against the U.S. by blocking or applying tariffs to our agricultural exports. Overall, the second effect is likely to overwhelm the first, leading to an aggregate loss for North Carolina agriculture. This is simply because North Carolina exports a significant share of the commodities it raises while few imported agricultural commodities are direct competitors to the state's farmers. Therefore, this report focuses mostly on the risks faced by North Carolina agriculture from the evolution of U.S. trade policy.

Where do the risks come from? In general, U.S. agriculture is exposed to two risks as a result of the new era of activist trade policy under President Donald Trump. First, countries upset at seeing tariffs placed on the goods they export to the United States may place retaliatory tariffs

on U.S. exports. This reaction would make American goods, including agricultural commodities, more expensive in those other countries, reducing the quantity demanded of U.S. products. Second, countries in some cases can simply stop buying American products, replacing them with products from a competitor. The clearest example of this response is China, which spent much of 2025 buying soybeans from Brazil instead of purchasing them from the U.S. as they had been.[3]

Both types of risk are examples of retaliatory trade policy, designed to punish America in response to what those countries see as damage to their economies from President Trump's tariff policy. In either case, the expected result of the trade policy retaliation is lower sales of U.S. exports as well as lower prices received, reducing the income of American producers of the goods in question. Further, American farmers are particularly at risk because many foreign countries tend to focus their retaliation on agricultural commodities. Other countries believe this strategy to be advantageous for several reasons: the U.S. exports a large share of our agricultural production; those products are often perishable, which creates leverage for a quick negotiated settlement; and the production is concentrated in states that tend to vote Republican. Combined, these factors lead many foreign countries to perceive that President Trump would face more pressure if they threatened agricultural exports than if they pursued a more general, across-the-board type of retaliation.

This report proceeds first by identifying where the largest risks would be for North Carolina agriculture if major trade partners choose to retaliate against President Trump's trade policies. It then uses past trade disruptions and academic estimations of certain commodities' price sensitivities in order to estimate the size of the risk North Carolina farmers would face. After putting those risks into context (expressing them in terms of percentage of income lost or number of jobs lost), it offers a few suggestions about how to avoid such damaging situations.

WHERE ARE THE RISKS?

As a way to begin identifying the North Carolina agricultural commodities most at risk from disruptions to international trade, Table 1 below reports on the most exported U.S. agricultural commodities on a national basis, ranked by the value of normal exports. As can be seen easily from the table, soybeans and corn dominate U.S. agricultural exports, followed by beef, pork, and dairy products. Table 1 also shows the top destinations for those exports, allowing for an assessment of whether the importing countries in question are likely to retaliate against the U.S. over recent trade policies.

Table 1 gives the big picture of which commodities would be most at risk from retaliation by another country in response to U.S. trade policy changes (such as imposing tariffs on those countries' exports to the U.S.). Nevertheless, that list does not apply perfectly to North Carolina. North Carolina is not a major beef or dairy producer, and what it does produce is unlikely to be exported. Still, if exports were to fall, that would leave more supply in the American domestic market, which would mean lower prices for all producers of affected commodities, whether their commodities are exported or not.

TABLE 1. TOP U.S. EXPORTED AGRICULTURAL COMMODITIES (2024 VALUES)[4]

Commodity	Exports Value (in Billions)	#1 Destination	#2 Destination	#3 Destination
Soybeans	$24.5	China	Mexico	EU
Corn	$13.9	Mexico	Japan	China
Beef	$10.5	South Korea	China	Japan
Lumber/Wood	$9.8	Canada	China	UK
Pork	$8.6	Mexico	Japan	Canada
Dairy	$8.2	Mexico	Canada	China
Soybean Meal	$6.4	Mexico	Canada	EU
Wheat	$5.9	Mexico	Japan	South Korea
Poultry	$5.5	Mexico	Canada	China
Cotton	$5.0	China	Mexico	India

Even when North Carolina is a major producer of a commodity at risk from trade policy retaliation, one must examine where the North Carolina production goes. For example, North Carolina produces a large amount of soybeans, the top U.S. agricultural export. North Carolina soybeans are rarely exported, however, but are used instead to feed local pigs, chickens, and turkeys. Nevertheless, even though North Carolina's soybeans go nearly entirely to animal feed, they are not completely insulated from the risk from trade policy retaliation; the risk is only reduced. If China were to choose not to buy U.S. soybeans (as happened for much of 2025), the price of soybeans in the U.S. would likely go down. Local demand in North Carolina is supported by all those hungry animals, so North Carolina soybean farmers typically receive a higher price for soybeans than the national average, but that would just mean that North Carolina farmers would get hurt a little less by China's choice than would the Midwestern farmers whose soybeans are typically exported. A similar argument applies to corn and wheat in North Carolina — local demand provides some protection but cannot completely eliminate the lost revenue if exports were diminished due to retaliation.

One should also pay attention to the top export destinations. So far, China, Canada, and the European Union have shown themselves to be the readiest to retaliate against changes in U.S. trade policy. Mexico has been

more circumspect, while Japan and South Korea have engaged in negotiations without first imposing any forms of retaliatory policies. Thus, referring to Table 1 again would suggest that corn farmers face much less risk of retaliation than soybean farmers.

Although for North Carolina, a few items in Table 1 are less at risk of losing export markets than they are for the nation as a whole, North Carolina also has some commodities not included in Table 1 that face high risk from the recent upheavals in international trade. In particular, tobacco and sweet potatoes are both commodities for which North Carolina is a major producer and has a large share of production typically exported. While tobacco and sweet potatoes were not nationally important enough as exports to be included in Table 1, they are important to North Carolina and need to be included in any analysis of risks from retaliatory trade policies. Therefore, Table 2 below ranks agricultural commodities by the approximate value of North Carolina production that is exported.

TABLE 2. TOP NORTH CAROLINA COMMODITY EXPORTS BY VALUE AT RISK[5]

Commodity	Share Exported	NC Production (in Millions)	Value at Risk (in Millions)
Pork	32%	$2,600	$819
Poultry	11%	$5,600	$627
Lumber/Wood	7%	$5,300	$346
Tobacco	67%	$500	$336
Cotton	86%	$230	$198
Sweet Potatoes	49%	$255	$125

The figures in Table 2 are derived by assuming that North Carolina exports a national-average share of total U.S. exports (that is, the percentage of state production that is exported matches that of national production). This is not true for some commodities (such as soybeans, corn, and wheat), so those commodities were not included in Table 2. The commodities listed in Table 2 have large dollar values of North Carolina production at risk from retaliatory trade policies. They are all important agricultural commodities to the state in terms of annual production value, they have a significant dollar value of exports, they feature major exports to countries that have or might plausibly retaliate against the U.S. in response to the recent changes in its trade policy, and they are

commodities for which a high dollar value of North Carolina production is exported. These are the commodities most at risk from the rapidly evolving and uncertain future world trade policies.

HOW SIGNIFICANT ARE THE RISKS?

How severe the risks are for farmers producing the commodities identified in Table 2 depends on how sensitive the prices of those commodities are to changes in the demand for their products overseas. If a reduction in demand would lower prices by only a small amount, the damage from retaliatory trade policy could be small; if price drops would be significant, then so would be the damage to farmers' incomes. To evaluate the price sensitivity of these commodities to a drop in exports this paper takes two tacks. First, it examines historical examples to see what happened in the past when other countries did some of the same things they are doing (or threatening to do) now or when other world events led to large disruptions in international trade and export sales of U.S. agricultural products. Second, it looks to the academic literature for estimates of the sensitivity of prices to changes in export demand.

Historical Parallels

Recent historical examples can be found for soybeans, beef, poultry, tobacco, and sweet potatoes. In 2018, China chose not to buy U.S.

soybeans as part of a trade dispute.[6] This episode saw soybean prices fall from about $10 per bushel to about $8.50.[7] It suggests that even though North Carolina farmers are partially shielded from damage due to their soybeans having a strong local market of demand from in-state livestock producers, they could face injury to the tune of $1.50 per bushel. With annual production in North Carolina of about 60 million bushels, such a decline would yield an estimate of $90 million at risk.

In contrast, beef had trade disruptions in 2003–04 due to BSE (bovine spongiform encephalopathy, commonly known as mad cow disease) and in 2018 when China cut purchases. In both cases, there was no significant change in the domestic price of beef. Similarly, when poultry exports were mostly stopped in 2003–04 and again in 2014–15 for highly pathogenic avian flu concerns, as well as when China did not buy in 2010, the poultry market showed little to no effect on price. Thus, it appears that poultry and beef have robust and diverse enough demand to weather small or medium trade disruptions.

Unfortunately, tobacco and sweet potato farmers are not so lucky. In 2019–20, China officially stopped buying American tobacco, and prices dropped about 5 to 10 cents per pound.[8] This represented a $30 million hit to North Carolina tobacco growers, or about a 5 percent drop in their normal gross sales. While this decline does not seem overwhelming, the conventional wisdom is that China did, in fact, buy a pretty normal amount of U.S. tobacco that year but hid the purchases through third-party buyers in other countries who then shipped them to China. Sweet potato farmers most recently suffered a disruption in exports in 2019.[9] After a poor crop in 2018 left the U.S. with few sweet potatoes to export, the European Union grabbed market share, leading to very depressed export sales in 2019. This caused prices to drop about 10 percent, or $2 per hundredweight. With production that exceeds $300 million annually in normal years, the implication is that North Carolina sweet potato growers could easily lose $30 million or more if export markets were lost.

Price Sensitivity from Academic Literature

The second approach to estimating potential losses to North Carolina farmers due to future trade disruptions is to examine the academic literature for estimates of the price reaction to changes in export quantities. Such estimates are not overly common, but estimates of export demand elasticities are available for cotton, pork, tobacco, sweet potatoes, and

poultry, generally matching the list of agricultural commodities in Table 2. These measure the percent change in quantity demanded for exports from the U.S. of a commodity in response to a 1 percent change in the commodity's price. Inverting these elasticities (that is, one divided by the elasticity), gets a measure known to economists as a flexibility, which tells the percent change in price expected from a 1 percent change in export demand. Multiplying that measure by the expected drop in export demand due to a trade disruption provides the estimate sought — how much prices would fall for North Carolina farmers in response to a trade policy retaliation of some sort.

For poultry, Zhang and Gunter (2004) find no statistically significant export demand elasticity, meaning that their model cannot estimate an elasticity different from zero with any reliable precision.[10] This matches the historical examples of disruption in the U.S. poultry exports that did not lead to economically significant drops in prices. Thus, the conclusion is that the poultry industry faces only small risks from retaliatory trade policies.

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In contrast, Plain (2013) estimated the elasticity of export demand for pork to be -0.3.[11] Inverting this elasticity to get the flexibility implies that a 1 percent drop in exports would lead to a 3.33 percent decline in U.S. pork prices. With 32 percent of pork being exported, if retaliatory trade policy led to exports being cut by 10 percent, that would be expected to result in price drops as large as 33 percent. Elasticities can vary as prices and quantities change, so one should be cautious about using them to evaluate changes this large. Still, taking a conservative estimate that prices would drop only by half that much would still mean more than a 16 percent decline in prices. Given the amount of pork produced in North Carolina, even this conservative estimate could result in a loss of $430 million for North Carolina pork producers.

For cotton, the estimated export demand elasticities for the two top export destinations are -0.45 for China and -0.10 for Mexico (Liu and Hudson, 2019).[12] This implies export flexibilities of -2.22 for China and -10 for Mexico, meaning that a retaliation by Mexico involving not buying as

much U.S. cotton (either through bans or tariffs) would be more damaging than similar action by China. In a situation where both countries retaliated and purchased 10 percent less than normal from the U.S., prices would be expected to drop by *60 percent*. Again, this estimate seems too high to be credible (meaning that such a large change likely involves changes in the flexibility along the way), but cotton prices have dropped below 40 cents per pound as recently as 2009 and 2001 (they currently hover around 63 to 64 cents). If cotton prices returned to 40 cents per pound due to a trade policy retaliation, North Carolina growers could lose around $125 million.

"If export demand fell by 33 percent (which would be possible if China were not to buy any American tobacco), prices would be expected to fall by 11 percent."

For tobacco, Sumner and Alston (1987) found the export demand elasticity to be -3.0, implying a flexibility of -0.33.[13] With two-thirds of U.S. tobacco exported and much of that going to China, it is clearly possible for export demand to drop by a large quantity. If export demand fell by 33 percent (which would be possible if China were not to buy any American tobacco), prices would be expected to fall by 11 percent. That would be a drop of approximately $90 million to North Carolina tobacco growers and would instantly turn one of the most profitable crops in North Carolina into a break-even proposition at best.

Soto-Caro et al. (2022) do not estimate an export demand elasticity but rather use a simulation model to forecast the revenue changes in the sweet potato industry by production region under several scenarios. One of the simulated scenarios is a 25 percent increase in production in North Carolina.[14] With half of the sweet potato crop being exported and North Carolina producing over half of the nation's sweet potatoes in average years, these results can be used to estimate the impact of a decrease in exports of about 25 percent of their normal volume. This is plausible given that the European Union and Canada are the number one and number three export destination for U.S. sweet potatoes and that both have shown a proclivity for retaliatory trade policies. In other words, if export demand fell by an amount equal to 25 percent of North Carolina production, it would produce the same price effect as an equally sized boost to production. After adjusting the results in Soto-Caro et al. (2022) to account for the fact that producers do not actually have

more to sell but are merely seeing previous export sales redirected to the domestic (or new foreign) markets, the simulation model suggests that prices would drop by 18.5 percent. With North Carolina producing about $250 million in sweet potatoes annually, that would translate into losses of close to $50 million for North Carolina growers.

Overall, the potential losses estimated here from export disruptions (either from bans, tariffs, or simply the stopping of purchases) are of lesser magnitudes than if, for example, China completely stopped buying U.S. soybeans and tobacco. Still, for what seem like plausible reductions in agricultural exports, the potential losses listed here add up to $695 million. That represents approximately one-third of the average net farm income in North Carolina.[15] Thus, the potential losses implied by academic estimates of price sensitivity to decreases in exports and examination of real-world historical examples of trade disruptions are quite large and hold the possibility of doing severe damage to the financial condition of North Carolina farmers and to the economic health of North Carolina's rural communities.

PLACING POTENTIAL DAMAGE INTO CONTEXT

The previous section estimated the losses that might be sustained by North Carolina farmers if other countries imposed retaliatory trade policies, particularly on the commodities that are most sensitive to such responses. While $695 million in potential losses is clearly a large number and worth paying attention to, what would it really mean in terms of practical impact?

One way to place those losses into context is to translate them into likely job losses. Agricultural production in North Carolina employs roughly 72,000 people while producing approximately $20 billion in agricultural and forestry commodities.[16] That represents approximately $278,000 of output per worker. If export markets were lost, the monetary losses in the short term would be about what were estimated in the preceding section. If those markets were to remain closed to North Carolina farmers, farmers would reduce production to avoid perpetual losses, and that smaller production would necessitate fewer workers. The losses assessed in the previous section would amount to 3.5 percent of North Carolina farm output but would be concentrated in more labor-intensive

commodities such as tobacco and sweet potatoes. If job losses were 4 percent of current agricultural and forestry production employment, that would amount to almost 3,000 jobs lost.

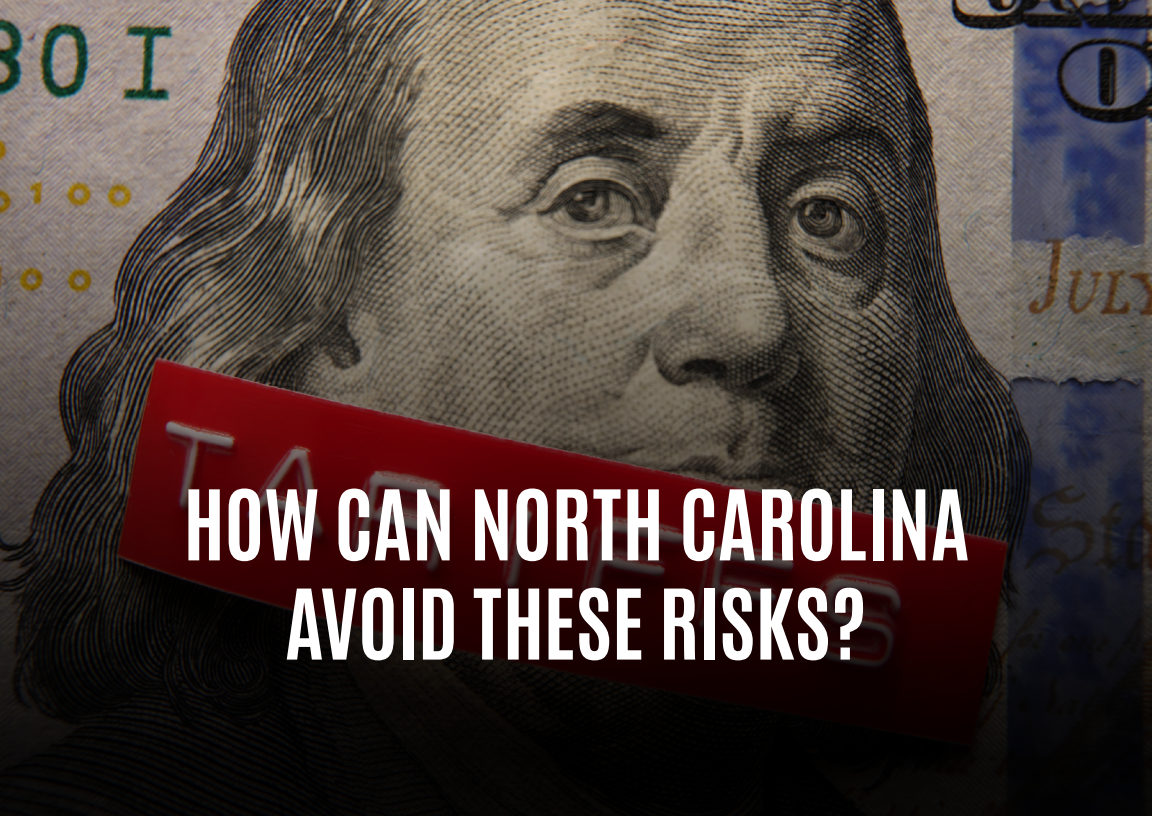
These job losses would then be compounded by losses in food processing, cigarette manufacturing, fiber manufacturing, and wood product manufacturing. If a proportional 3.5 percent of those jobs were lost in North Carolina, that would amount to an additional 5,000 jobs, concentrated in more rural communities.

"That would bring potential total economic losses due to trade policy retaliation to $1.9 billion, equal to over 2 percent of the gross state product of North Carolina."

In addition to these job losses, the loss of $695 million in net farm income would reduce the spending of farmers and their families on all types of purchases: farm related (new equipment purchases would be delayed) and otherwise (less money would be spent on new cars, boats, clothes, and dining out). These losses would ripple through rural communities as local businesses earned less due to those reduced sales, employers consequently hired fewer employees, and the affected business owners and employees would have less to spend themselves at other local businesses. These ripple effects can be expected to total approximately 1.7 times the original income losses, implying indirect effects on the rural economy of North Carolina on the order of $1.2 billion. That would bring potential total economic losses due to trade policy retaliation to $1.9 billion, equal to over 2 percent of the gross state product of North Carolina.

These losses would not be distributed evenly throughout North Carolina, however. In particular, while acreage devoted to tobacco and sweet potato production is distributed fairly evenly around the state, cotton production is much more focused in a small number of counties. Three very small counties, in terms of population, are worth examining for the impact that a trade disruption in cotton could cause to their local economies. Bertie, Martin, and Northampton counties produce (on average) about 9 percent, 7 percent, and 8 percent of the state's cotton, respectively,[17] suggesting that if cotton farmers lost $125 million to retaliatory trade policies, the impact in these counties would be in the range of $9 million to $11 million. Adding in indirect ripple effects and then comparing the

losses to each county's total income,[18] one can estimate the percent of total income each county would lose in such a scenario. This calculation shows that Bertie and Northampton counties could lose 2 to 2.5 percent of total county income, while Martin County could lose 1.5 to 2 percent of total county income. These may not seem like enormous numbers, but the only modern U.S. recessions to result in income drops that large were the Great Financial Crisis in 2007–09 and the very brief Covid-19 recession in 2020.[19] Thus, losses of that magnitude should be considered severe blows to a local economy.



HOW CAN NORTH CAROLINA AVOID THESE RISKS?

The simplest way to avoid such damage to North Carolina's agricultural and rural economies is to avoid engaging in protectionist trade policy battles. American farmers can compete with anyone in the world on the basis of productivity and quality, so free trade policies worldwide would lead to gains for American (and thus North Carolinian) farmers. While it is possible that imposing or threatening to impose tariffs and other restrictionist trade policies can convince other countries to adopt freer trade policies and thereby capture gains for American producers, such actions do not come without risk. As has already been seen in 2025, other countries can and often do retaliate with their own trade restrictions, leading to large losses for the U.S. rather than gains.

If an administration is insistent on pursuing fairer trade by using threats of tariffs or trade bans to encourage other countries to reduce trade barriers to American products, then it would be less disruptive if such policies were practiced more slowly. Giving other countries a year or several years in which to adopt freer and fairer trade policies before

imposing any retaliatory polices against those who do not comply would allow American producers, including farmers, time to find alternative markets, rearrange shipping channels, and even alter production plans (i.e., which crops they would choose to plant) in order to minimize damage to the U.S. economy.

Concerning what farmers could control in a world in which countries pursue more restrictionist trade policies, it would be advantageous to North Carolina farmers to have multiple export destinations as possible buyers of their products. Being overly reliant on one purchaser (e.g., China for soybeans and tobacco) exposes the producers of that commodity to much larger risks from any disruption of trade with that customer. U.S. agricultural exports are often quite focused on a small number of destinations due to the strength of demand by those countries and the transportation costs and logistics (geography makes trade relatively easier with some countries than with others). Yet, maintaining relationships and infrastructure to allow more diverse trading patterns, while perhaps slightly less profitable, can be seen as a risk management tool similar to the purchase of insurance. Selling American products to a broader range of buyers would increase the resilience of the industry in case of future disruptions.

"All agricultural commodity producers should work to develop, manufacture, and sell value-added products using the commodities they produce."

A similar argument can be made for building up diverse and strong domestic markets. North Carolina soybean producers are somewhat protected from China's retaliatory policies by the strong local demand for soybean meal from North Carolina's own livestock sector. Other commodities, such as tobacco and cotton, should work to build up domestic markets to the extent possible, just as they should work to create a broad network of potential overseas buyers.

Finally, all agricultural commodity producers should work to develop, manufacture, and sell value-added products using the commodities they produce. Value-added products are often more shelf-stable, reducing the leverage of retaliatory trade policies by making it possible to store product that cannot be immediately sold. Value-added products also produce additional local jobs if the manufacturing is done locally,

thereby strengthening the local economies. Additionally, value-added products add income to farmers' bottom lines, improving the financial condition of farms selling into those channels and making them better able to weather future business disruptions, such as those precipitated by retaliatory trade policies.

Conclusions

Activist trade policy has the potential to open up new markets for American products, but it comes with a well-known risk that the other countries may retaliate against U.S. industries. If countries end up in a tit-for-tat battle of escalating tariffs (as happened already last year with the U.S. and China), there is a great likelihood of all countries involved in restrictionist trade policies ending up worse off, with lower national incomes than could have been achieved with free(r) trade. Although the worry that President Trump would keep raising the stakes if they retaliated has caused many countries to avoid such retaliation, some others do not seem too scared to retaliate, and unfortunately they include some of the U.S.'s largest trading partners, particularly for agricultural exports: China, the European Union, and Canada. Its remaining largest agricultural trading partner is Mexico, which has so far shown more restraint but still remains a potential risk if it begins to retaliate.

Agriculture in North Carolina, its rural economy, and even the state economy all face considerable risks if major trading partners such as China, the European Union, Canada, and Mexico retaliate against the U.S. to protest President Trump's more aggressive trade policy. Farmers in North Carolina could lose one-third of their annual average net farm income from lost sales and lower prices as they try to find alternative markets for production that normally goes to one of the United States' four largest trading partners. The state economy could suffer a decrease of 1 to 2 percent in size. Some rural counties could suffer declines in aggregate county income exceeding 2 percent, a drop that is typically seen nationally only in a major recession or locally when a large plant closes.

Agriculture in general is at high risk from retaliatory trade policies because the U.S. exports so much agricultural production, those products are often perishable, and the production is concentrated in states that other countries consider to be a major source of political support for President Trump. North Carolina commodities most at risk from retaliatory trade policies include pork, cotton, tobacco, and sweet potatoes. These four are highlighted because of the high share of their production that is exported, the price sensitivity of those markets to drops in export sales, and the fact that the countries most likely to impose retaliatory trade policies are major destinations for North Carolina exports of those four commodities.

"All agricultural commodity producers should work to develop, manufacture, and sell value-added products using the commodities they produce."

The easiest way to avoid the risks of retaliation against the U.S. for placing restrictions on international trade is not to put restrictions on international trade in the first place. While the threat of tariffs and other restrictionist policies may be very useful in reaching new trade agreements that actually result in freer trade and gains for American producers, a better approach would be to impose such policies only occasionally so as to make the threat credible. Overusing such tactics just leads to losses for everyone in the form of less trade, higher prices, and poorer economies.

If forced to deal with the likelihood of such retaliatory trade policies hurting North Carolina agriculture's traditional export markets, North Carolina farmers have only a limited set of options for minimizing the damage. They can search for new markets, constantly protecting themselves against becoming too reliant on any one or a few trading partners. They can develop larger domestic markets for their commodities, such as through generic product advertising and funding new product development. They can also try to create value-added products derived from their bulk commodities, capturing a larger share of the food dollar and keeping more of the post-harvest income and jobs from further processing within North Carolina. Still, while all these are worth pursuing, they are not likely to be sufficient — especially in the short run — to mitigate the risks North Carolina farmers currently face.

Farmers in North Carolina have had a rough last few years, with low prices for many commodities and bad weather at inopportune times. Stable, pro-market policies would be a major benefit right now in helping farmers get through this tough patch and look for better times in the future.

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18 Total county income is arrived at by taking the estimated per-capita income by county from the U.S. Bureau of Labor Statistics for 2022 and multiplying it by the North Carolina Office of State Budget and Management's certified county population estimate for the same year.

19 See, for example, U.S. Bureau of Economic Analysis, "Gross Domestic Product," Federal Reserve Bank of St. Louis, accessed December 12, 2025, https://fred.stlouisfed.org/series/GDP#.

About the Author

Jeffrey Dorfman is the Hugh C. Kiger Distinguished Professor of Agricultural and Resource Economics at North Carolina State University. In this role, he teaches, performs research on the broad area of the economics and management of the food industry, and fills an extension role assisting growers, industry, and policy makers on topics of pricing, marketing, management, and policy issues. Previously, he spent four years as State Fiscal Economist of Georgia and 34 years as a professor of economics at The University of Georgia where he taught classes on the economics of the food industry, microeconomics, macroeconomics, and food policy. He has written four books, including a textbook on the economics and management of the food industry, and about one hundred scholarly articles. He was a regular columnist for Forbes and RealClearMarkets.com and a frequent economic expert on television and radio shows before being appointed state economist. Dr. Dorfman is a fellow of the Agricultural and Applied Economics Association and a former editor of the American Journal of Agricultural Economics (AJAE).

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The John Locke Foundation was created in 1990 as an independent, nonprofit think tank that would work "for truth, for freedom, for the future of North Carolina." The Foundation is named for John Locke (1632–1704), an English philosopher whose writings inspired Thomas Jefferson and the other Founders. The John Locke Foundation is a 501(c)(3) research institute and is funded by thousands of individuals, foundations, and corporations. The Foundation does not accept government funds or contributions to influence its work or the outcomes of its research.

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Locke envisions a North Carolina in which liberty and limited, constitutional government are the cornerstones of society so that individuals, families, and institutions can freely shape their own destinies.

Our Mission

Locke's mission is to be North Carolina's most influential force driving public policy so North Carolinians flourish in a free and prosperous society.

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