

FT BIG READ

American farm belt anxious about Trump trade threats

By Shawn Donnan

Mick Rausch voted for Donald Trump last year with almost as much gusto as he has felt for every Republican presidential candidate since Richard Nixon. For a Kansas farmer, voting Republican red is part of their political DNA. “We bleed red here,” he says.

But the 62-year-old, who grew up on a dairy farm and has for the past four decades teased crops out of a thousand acres on the outskirts of Wichita, has been starting to have doubts.

Whether it is in the trade deals such as the Trans-Pacific Partnership that the US president has scrapped, the trade wars with China and Mexico he still risks triggering, or the immigrants his administration is targeting, Mr Rausch sees a growing list of reasons to worry. More than that, as someone who relies on the land — and exports — to eke out a living, he has begun to see Mr Trump and his administration as a threat to his bottom line. “I’m dismayed,” he says. “I’m puzzled by some of the decisions he has made. It’s hurt me.”

Mr Trump carried farm states like Kansas by overwhelming margins in last November’s election. In a US agricultural heartland where Christian call-ins, country music and conservative talk shows dominate the radio, it is likely he would do so again if an election were held today. The last time the Democrats won the state was in 1964, when Lyndon Johnson achieved a national landslide.

Yet that tradition is clashing with the political and economic forces behind Mr Trump. The dependence on trade in rural areas such as Kansas illustrates the challenges and constraints the businessman-president faces as he decides how best to deliver the nationalist “America First” economic agenda that helped him narrowly win crucial industrial states such as Ohio and Michigan.

Just as the Republican health-care plan that Mr Trump backed foundered in Congress in part because it would have hurt many of the white working poor who voted for him, his trade

AP PHOTO



Central Illinois farmers deposit harvested corn on the ground outside a full grain elevator in Virginia

plans risk alienating supporters in the country’s rural heartland. Looming particularly large over states like Kansas are the Trump administration’s plans to renegotiate the North American Free Trade Agreement with Canada and Mexico.

Kansas is dependent on agricultural exports and stood to benefit greatly from the TPP, which Mr Trump pulled the US out of on his third day in office. But the TPP was about future gains. Any disruption to Nafta would mean a hit to existing business, with more than a third of the \$10.2bn in beef, grains and other goods that Kansas exported last year destined for

Canada or Mexico.

For that reason, one of the most pointed critics in Washington of the Trump administration’s trade policy is now Senator Pat Roberts, a veteran and otherwise loyal Kansas Republican who chairs the Senate agriculture committee and has accused the new president of putting the woes of US industrial swing states before the interests of US farmers.

“You don’t eat steel,” he chastised Robert Lighthizer, the former steel lawyer that Mr Trump has nominated to be his trade representative, in March.

There are already signs that Kansas Republicans are facing

a potential Trump backlash. A congressional election last week, to fill what ought to have been the safe Republican seat in the state’s 4th district after Mr Trump appointed Mike Pompeo to head the CIA, saw a large swing to the Democrats.

Kansas has its own political dynamics. Sam Brownback, the Republican governor, has pursued a radical conservative experiment, including strict budget cuts, that have left him with the dubious distinction of being the least popular governor in the US. However, a seat that Mr Pompeo won by 31 points in November (and Mr Trump won by 27 points) went to Ron Estes, his Republican successor, by just seven points and only after a spooked national party poured money into the race at the last minute.

That election and another this week in suburban Atlanta have been watched closely for

what they might say about Republicans’ fortunes in the 2018 midterms. Any softening in support — or even a simple dip in enthusiasm — for Mr Trump in rural areas would be fatal for many Republicans in Congress. Even four months into the administration some rural voters are finding plenty to grumble about.

Like many farmers Mr Rausch was forced to refinance the farm recently and is still struggling to make ends meet. He is forgoing the usual pre-season service of his combine harvester this year but knows anything that goes wrong would be costly. “If I lose the engine on my combine I don’t know what I’m going to do,” he says. “It’s \$10,000.”

He is betting big on soybeans this year because at \$9 a bushel their prices have held up much better than those for sorghum. But that also illustrates just how dependent Mr Rausch is on Mr ▶▶

There are already signs that Kansas Republicans are facing a potential Trump backlash

American farm belt anxious about Trump trade threats (continued)



Republican Ron Estes won Kansas' fourth congressional district but with a much reduced margin than his predecessor Mike Pompeo

Trump's trade policies — American soybeans would probably be one of the first targets in a trade war with China.

As is the case with much in his presidency, Mr Trump's actual trade policy remains in its chaotic infancy. Battles between economic nationalists and a more moderate faction led by Gary Cohn, the former Goldman Sachs executive who leads the National Economic Council, have left the White House divided over how best to proceed.

The president still deploys the occasional trade bombast. But he has also started to recalibrate. He has backed away from a campaign pledge to label China a currency manipulator. His threats to rip up Nafta appear to have morphed into a more benign renegotiation of the 24-year-old agreement, thanks in part to the efforts of Republicans in Congress to rein him in.

Yet there remains plenty of time for Mr Trump to deliver on the sort of protectionism that he has been advocating for decades. Crucially, the administration is still missing key players who he would need to implement a new strategy. Mr Lighthizer, a renowned trade warrior with a record going

back to the Reagan administration, has yet to be confirmed by the Senate. Neither has Sonny Perdue, the former Georgia governor Mr Trump nominated for agriculture secretary.

A 90-day study that Mr Trump ordered last month into the causes of the trade deficit the US has run since the 1970s was mocked by critics as inconsequential. But it was also designed to give the president ammunition to launch the sort of unilateral actions against countries such as China that many fear would set off a trade war.

Administration officials insist that rather than softening Mr Trump's trade plans they are simply going about them methodically. They also blame Congress for blocking Mr Lighthizer's confirmation and putting a brake on Nafta talks.

"Every day that they delay the discussions on Nafta is another day that they are delaying bringing jobs back to the US," says Wilbur Ross, Mr Trump's commerce secretary and trade adviser, who has dismissed accusations of US protectionism.

The deficits study, insist officials such as Mr Ross, will inform a renegotiation of Nafta focused on reducing the

US's \$60bn trade deficit with Mexico. To follow: tackling China and the \$347bn goods trade deficit the US has with Beijing.

Zippy Duvall, who heads the American Farm Bureau Federation, the country's most powerful agricultural group, says his members remain by and large on Mr Trump's side. The administration's push for deregulation and tax reforms sits well with farmers. "We're committed to being a team player with this

president," he says.

But the president, he concedes, is giving his members plenty to worry about at a time when the economics of farming are tough.

While polls show Mr Trump's aggressive immigration policy is popular with his supporters, many farmers are worried about the impact on their labour force. Mr Duvall says half or more of farm workers in some areas are undocumented migrants and his members have already begun to report shortages.

With commodity prices still low and many farmers struggling to recover costs, the only thing now saving US farming communities from a re-run of the downturn they saw in the 1980s, he argues, is low interest rates, though they too are now rising. A trade war that saw farmers shut out of China and other markets would therefore be disastrous.

There are already signs that Mexico knows the leverage that America's \$18bn in annual agricultural exports to the country provides in the coming Nafta talks. With elections next year, the government of President Enrique Peña Nieto is already looking to source imports from places such as Brazil, while some politicians are pushing for a boycott of US corn.

The angst that has caused is evident in the procession of US farming groups that have descended on Mexico City in recent weeks. "What you hear is what they refer to as 'Plan B' everywhere you go [in Mexico]. And Plan B is looking at other options [and] reducing their dependence on the United States," says Tom Sleight, president of the US Grains Council.

Tom Vilsack, who served as President Barack Obama's agriculture secretary and now leads the US Dairy Export Council, fears that by threatening Nafta the Trump administration could unwittingly open the Mexican market to competitors from the EU or New Zealand.

The former Iowa governor says part of the problem is that the Trump administration lacks an effective rural voice. With

his agriculture secretary still unconfirmed, the administration is dominated by mostly urban-ite advisers. "There is just not a full appreciation for all of the decisions that are being made by a relatively small group of people who have little or no real experience in rural places," he says.

The concerns are real for Chris Law, the volunteer mayor of Garden City, a town of 30,000 that rises out of the Kansas plains an hour's drive west of Wyatt Earp's Dodge City.

Like many conservatives he is a small-government Republican. But these days he frets about Mr Trump's proposed cuts to the federal programme that subsidises the twice-daily flights from Dallas to the local airport. He also worries about the government-subsidised Amtrak's Southwest Chief, the train that stops daily in Garden City on its way between Chicago and Los Angeles. "We would like to be government free. Everybody would," he says. "But we're not there yet."

On the cattle lot that sits on land south of Garden City first settled by his grandfather, Lee Reeve is hoping Mr Trump's business instincts will override his protectionist ones.

He knows that a trade war would be devastating. Mr Reeve remembers the 2003 crisis after the diagnosis of mad cow disease in the American herd that led many countries to ban US imports. China still has that ban in place, though after this month's summit between Mr Trump and Chinese president Xi Jinping officials in Beijing said they were contemplating lifting it.

There are 43,000 cows in various stages of fattening up in the Reeve Cattle Company's pens and, like the US industry, it is expanding and needs markets for its beef.

"It's not like a car factory. You can't turn down the line," Mr Reeve says. But "take away our export markets and we'll feel it within minutes".

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Andrew Jackson: Tariff regime offers awkward parallel

Donald Trump has spoken often of his admiration for former president Andrew Jackson, the 19th-century populist whose portrait he has had hung in the Oval Office. "He imposed tariffs on foreign countries to protect American workers!" the US president told a cheering crowd in Tennessee last month on the 250th anniversary of Jackson's birth. "That sounds very familiar. Wait until you see what's going to be happening pretty soon, folks!"

But the historical parallel ought to be an uncomfortable one for Mr Trump. Rather than a political winner for Jackson, tariffs were the cause of a crisis that dogged his presidency and almost ruptured the union. The 1828 "Tariff of

Abominations" on imported manufactured goods was introduced by Jackson's predecessor and cosmopolitan rival, John Quincy Adams, at the behest of northern industrialists and loathed by the country's agrarian south, in part because they feared it would lead to a trade war that would see England retaliate against American cotton.

It led South Carolina to threaten to secede. It also meant that Jackson disappointed protectionists by spending much of his first term in the White House working to repeal the tariff. "It's a little bit odd to invoke him as a high priest of protectionism," says Douglas Irwin, an expert on the history of American protectionism, who teaches at Dartmouth College.



IMF Managing Director, Christine Lagarde (right), stands with Development Committee Chair Indonesia Finance Minister, Sri Mulyani Indrawati, before the Development Committee plenary

Global finance leaders grapple with globalization fears

By Paul Wiseman, Martin Crutsinger

GLOBAL finance leaders on Saturday dropped a sharp condemnation of trade protectionism and references to climate change from a closing statement that wrapped up the spring meetings of the 189-nation International Monetary Fund and the World Bank.

This year's meetings were dominated by a debate over how to respond to a rising tide of anti-globalization sentiment evidenced in the United States by the election of President Donald Trump, who pledged during last year's campaign that he would reduce America's huge trade deficits which he blamed for the loss of millions of good-paying factory jobs.

In its communique, the IMF urged nations to avoid "inward-looking policies," but it did not include tougher language the IMF had used in an October statement in which it had called on all countries to "resist all forms of protectionism." The new

statement also dropped any mention of the threat of climate change.

Trump has threatened to impose punitive tariffs of up to 45 percent against Mexico, China and other nations he believes are competing unfairly with American workers. During his presidential campaign he called climate change a hoax.

At a closing news conference, IMF Managing Director Christine Lagarde and Agustín Carstens, head of the Bank of Mexico and chair of the IMF's policy committee, sought to downplay the changes. Lagarde noted that strong language condemning protectionism and promoting efforts to combat climate change, while taken out of the communique, remained in a separate document setting out the IMF's policy agenda.

Carstens said that it was important on the issue of trade to recognize the viewpoints of different countries.

"We all want free and fair trade and that is what is reflected in the communique," he told reporters when asked why the

language on protectionism had been dropped.

A similar change on the issue of protectionism was made in a communique that the Group of 20 major economies issued last month in Baden-Baden, Germany. Steven Mnuchin, attending his first international gathering as Trump's Treasury secretary, had defended the change in the G-20 communique by saying, "The historical language was not really relevant."

■ In its communique, the IMF urged nations to avoid 'inward-looking policies'

Eswar Prasad, a trade economist at Cornell University, said the changes in the IMF and G-20 communiqués showed the Trump administration's desire to signal that U.S. policy will be different

under a new president.

"The G-20 consensus on issues such as free trade and combating climate change is crumbling in the face of the Trump administration's hostility to those positions," Prasad said. "The notion of allowing for freer trade has run up against the Trump administration's conviction that its major trading partners are manipulating trade and currency policies to their own benefit."

At a joint appearance with Lagarde on Saturday, Mnuchin said that the internal debate over the wording of the IMF communique had taken much less time than the debate over the wording of the G-20 communique last month. He said that the administration's goal was to make trade more fair and was not aimed at erecting protectionist barriers. "The United States is probably the most open trading market there is," Mnuchin said.

Mnuchin was also asked about the administration's tax plan, which Trump said Friday would be unveiled next Wednesday.

Mnuchin said the administration's goal was to simplify the tax system for both individuals and businesses.

"We want to create a system where the average American can do their taxes on a postcard, not a book," Mnuchin said. "Maybe a big postcard, but you can still stick it in the mail."

Mnuchin did not provide details of the tax plan, which Trump has said would provide a "massive" tax cut for Americans.

Throughout the presidential campaign last year, Trump pointed to closed factories around America and said they represented a failure of past presidents to be tough enough in negotiating trade agreements to protect U.S. jobs. Since taking office, Trump has pulled the United States out of a 12-nation Pacific trade agreement negotiated by the Obama administration and just this week ordered the Commerce Department to speed up an investigation into whether steel imports posed a national security threat. His action could lead to higher tariffs on steel imports.

The spring IMF and World Bank meetings took place against the backdrop of an improving global economy, helped by better performances in the United States and China, the world's two biggest economies, and in a rise in commodity prices which has helped many developing nations. The IMF's latest economic forecast projects global growth of 3.5 percent this year, which would be the fastest pace in five years and up from 3.1 percent last year.

Despite the brighter outlook, the IMF's closing communique warned of a number of risks ranging from weak productivity growth to high debt levels and "heightened political and policy uncertainties."

The world economy has struggled to regain millions of jobs lost after a devastating financial crisis hit in 2008 and the finance leaders acknowledged the adverse effects the deep-downturn, playing a major role in the rising pressures against free trade and immigration.

German Finance Minister Wolfgang Schäuble said that if more was not done to deal with growing income inequality "we will see more protectionism and countries retreating from globalization."

Japanese Finance Minister Taro Aso sought to downplay concerns about rising protectionism, saying that he believed free trade, which has fueled global growth since the end of World War II, would be upheld but perhaps with some changes.

In his remarks to the IMF's policy committee, Mnuchin repeated a call for the IMF to police the currency markets and call out countries that undervalue their currencies to gain an unfair price advantage for their exporters. **AP**

GM plans to launch 10 electric cars in China by 2020



SAIC-GM president Wang Yongping announces the global launch of the Buick Velite 5, an extended range electric hybrid

GENERAL Motors Co. plans to launch 10 electric and gasoline-electric hybrid vehicles in China by 2020, an executive said Friday, as automakers speed up the rollout of alternative vehicles under pressure from Beijing to promote the industry.

GM will start production of a pure-electric model in China within two years, Matt Tsien, president of GM China, told a news conference

during the Shanghai auto show. He said GM expects annual sales of 150,000 electric and hybrid cars in China by 2020 and possibly in excess of 500,000 by 2025.

Ford Motor Co., Volkswagen AG, Nissan Motor Co. and other automakers also have announced aggressive plans to make and sell electric vehicles in China, the biggest auto market by number of units sold. On Tuesday, GM unvei-

led a hybrid version of the Chevrolet Volt to be manufactured in China and sold under its Buick brand.

China's communist government has the world's most ambitious electric car goals, hoping both to clean up smog-choked cities and to take a lead in an emerging industry. Regulators are pressing foreign brands to help develop the industry.

Regulators jolted the industry

by proposing a requirement that electrics account for at least 8 percent of each brand's production by next year, rising to 10 percent in 2019 and 12 percent in 2020. Automakers say they may be unable to meet those targets and regulators have suggested they might be reduced or postponed.

Beijing is also due to enforce what auto executives say are the world's most stringent emissions standards. They say that is likely to require all manufacturers to include electrics in their lineup to meet targets for average fleet emissions.

"In the next several years, out to 2020, we expect to launch at least 10 new energy vehicles into the marketplace," said Tsien, using the government's term for electric and hybrid vehicles. "We have a pipeline that is going to materialize, that's going to put us in a very good position from a fuel economy requirement perspective." All the vehicles will be manufactured in China, he said.

GM, which competes with VW for the status of China's top-selling automaker, reported 2016 sales rose 7.1 percent to a record 3.9 million vehicles.

Foreign automakers had been reluctant to sell electric cars in China because regulators required them to transfer valuable intellec-

tual property to local partners or face import duties of 25 percent even if the vehicles were produced at a Chinese factory. Beijing has eased those requirements in an effort to attract foreign participants, though automakers say the final ground rules for electric vehicle production have yet to be announced.

"We have no concerns relative to amount of IP that has to be shared. We have a fairly clear understanding of what the rules of engagement are," said Tsien. "For vehicles where General Motors owns the IP, we have had longstanding technology licensing agreements with our partner. Those work effectively."

The government is expanding China's network of charging stations to reduce "range anxiety," or buyers' fear of running out of power. The Cabinet's planning agency announced a goal in February of having 100,000 public charging stations and 800,000 private stations operating by the end of this year.

Electric cars also are exempt from sales tax and license plate quotas Beijing, Shanghai and other cities use to curb congestion and smog. Still, sales of electric and gasoline-electric hybrids fell 4.4 percent from a year earlier in the first quarter to 55,929 vehicles while SUV purchases rose 21 percent to 2.4 million.

Tsien said manufacturers will need to develop vehicles that appeal to customers.

"The industry has to work on very hard to educate customers with regard to the merits," he said. **AP**

ASK THE VET

by Dr Ruan Du Toit Bester



TRANSITIONAL CELL CARCINOMA IN CATS

Transitional cell carcinoma (TCC) affects the cat's bladder. This is an extremely rare cancer; only 0.8 percent of abnormal masses involve this form of cancer, but I think this one is important to know about as this gets misdiagnosed by Vets in Macau. There is a strong belief that the cancer is caused by exposure to carcinogens and exposure to over-the-counter flea and tick control products. It's also been discovered that cyclophosphamide (a chemotherapy agent) causes TCC. Obesity may increase your cat's risk.

The average age of a cat diagnosed with TCC is fifteen years. By the time most cats are found to have this cancer, they've lived a long life. Cats with TCC have a median survival time of approximately eight months after diagnosis.

Development of transitional cell carcinoma

The inside of a bladder is lined with transitional cells. These cells protect the bladder wall from acidic urine. Because the urine expands and contracts as it empties and fills, the cells must also expand and contract. This is why the cells are called "transitional" cells; they move with the bladder.

Transitional cell carcinoma occurs when a tumor forms within these cells. The location of the tumor varies in cats. In dogs it generally forms near the neck, blocking the urethra. With cats, there is no set location. It may be near the ureters (tube linking the kidneys to the bladder) or the opening of the urethra. The tumor is malignant and aggressive and will spread to other organs.

Common symptoms of tcc

The two most common symptoms of transitional cell carcinoma are straining when urinating and blood in the urine. Your cat may make frequent trips to the litter box and little to no urine passes. These are also the most common symptoms of a urinary tract infection.

Other symptoms include:

- Breathing difficulties
- Coughing spells
- Fever
- Lack of appetite and thirst
- Lack of energy
- Straining during a bowel movement
- Vomiting

If you notice any of these symptoms, con-

tact your veterinarian. Do not assume it is a UTI and try a herbal or homeopathic remedy. The tumor can block urine flow, which leads to a dangerous condition called uremia.

Diagnosing TCC

X-rays rarely pick up tumours. We suggest doing double contrast radiography as it is a better option, but involves using a catheter to inject dye into the bladder. 3D Ultrasound or CT Scan are the kindest method for diagnosing transitional cell carcinoma. If a mass is spotted, a needle would be used to remove a sample of cells for a biopsy.

Possible treatment plans

The life expectancy for a cat with bladder cancer is not great. Surgical removal of the bladder is not a possibility, though some vets can remove a portion of the bladder. This is only possible if the tumour is extremely small.

On occasion we have done a surgical procedure to remove the bladder completely and reroute the ureters to the colon. Urine will then mix with feces. This surgery is expensive and risky, so it's not often recommended. Some cases of feline bladder cancer go into partial remission when the cat takes Feldene. The non-steroidal anti-inflammatory medicine may be worth a shot. Chemotherapy and radiation are usually better options. Your cat will need a permanent catheter inserted into the bladder.



You will need to manually empty your cat's bladder through the catheter at least three times a day.

Hope this info helps
Till next week
Dr Ruan

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