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Corn Marketing Program of Michigan Praises Chinese Announcement on Value Added Tax for DDGS

LANSING - The Chinese Ministry of Foreign Affairs' announced that the country would again allow U.S. distiller's dried grains with solubles (DDGS) to be imported without charging an 11 percent value added tax (VAT), potentially impacting global DDGS market dynamics for the better.

“This is a welcome announcement that will improve our competitiveness in China, which used to be the top market for U.S. DDGS,” said **Tom Durand**, president of the **Corn Marketing Program of Michigan**. “Access to overseas markets for DDGS, corn, ethanol and meats is critically important to the future of Michigan growers. The Corn Marketing Program of Michigan will continue working to grow existing markets and find new markets for our farmers’ products.”

The announcement was made in a report of key areas of consensus between the United States and China during President Donald Trump’s official visit last week.

“Pushing for trade policies that open new markets and grow existing markets for Michigan corn, ethanol, DDGS and meats is a top concern for our growers,” said **Jason McConnachie**, president of the **Michigan Corn Growers Association**. “We’re happy to see this announcement from China, and want to thank President Trump for continuing to make this a priority.”

In January of 2016, China’s Ministry of Commerce announced it would begin anti-dumping and countervailing duty investigations related to U.S. DDGS exports to its country. Those cases resulted in duties applied to U.S. DDGS and ended an ongoing exemption from paying the VAT. The combination of the duties and the VAT made U.S. DDGS exports to China even less competitive, affecting market prices and export flows globally. While the VAT has been removed, the anti-dumping and countervailing duties remain.

China's actions against U.S. DDGS elicited a strong and detailed response from U.S. ethanol and DDGS industries, coordinated by the U.S. Grains Council, which is funded in part by the Corn Marketing Program of Michigan and other state corn checkoff organizations. The Council’s staff members in China and the United States have been working closely with the U.S. government at the highest levels for nearly a year to emphasize the importance of this \$1.5 billion market to the U.S. grains and ethanol industries.

U.S. DDGS exports to China fell from 5.4 million metric tons in 2015 to 3.3 million metric tons in 2016 and just 739,000 tons so far in 2017.

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