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[00:00:21] **Speaker 1** One farm crop in Wisconsin is being hit especially hard by new retaliatory tariffs from China, ginseng. Wisconsin produces over 95 percent of the medicinal plant that's grown in the U.S. And it's exported to customers in China. Our next guest is one of the largest exporters of ginsing to Asia from his farm in Marathon County. But now with Chinese tariffs doubling, the market for his prized product is withering. Will Xu is visiting his markets in Asia, and he joins us from China. Thanks very much for being here.

[00:00:57] **Speaker 2** Thank you for inviting me today.

[00:00:59] **Speaker 1** So what are you hoping to achieve on your visit there?

[00:01:03] **Speaker 3** What are your thoughts on the market conditions and the changes in the world economy?

[00:01:23] **Speaker 1** Are you wanting to convince Chinese customers that the extra cost of your ginseng with the tariffs is worth it?

[00:01:32] **Speaker 3** It's a little bit of that, I think, but it's also part of my trip prior to coming to China was also looking at other export markets. Given how dependent our industry is on the Chinese consumer, the two stops I had prior to China were Singapore and Malaysia, which do have a number of ethnic customers, ethnic Chinese customers, but not nearly the size of the market of China.

[00:01:59] **Speaker 1** So you said that you're reliving a nightmare with these latest tariffs. How so?

[00:02:05] **Speaker 3** Well, the first round of the trade war that was announced in 2018 took the tariff on our product from 7.5% to 32.5%. With the multiple rounds announced over the last two weeks since April 2nd, we are now at 117 percent tariff. And so it's reliving a nightmare in the fact that every day you wake up and it's another round of tariffs and it is another round of calls from customers who are concerned. We're getting customers who're delaying or canceling orders. Very similar to the pattern that we saw in 2018 and 2019 during the first round of this trade war.

[00:02:44] **Speaker 1** And so what has that done to production of ginseng in Wisconsin?

[00:02:49] **Speaker 3** So production of ginseng in Wisconsin has actually remained fairly stable over the last five or six years since the start of the first trade war. Unfortunately what has happened during that time though is the price per pound has declined. And so about six or seven years ago the price for ginsing off of the farm was probably closer to $50 to $60 a pound. Today it's roughly half of that, about $25 to $30 a pound, and with the current or the most recently announced tariffs, our expectation is that our customers and they actually have been asking us to take price reductions in order to offset the tariff that they're paying to the Chinese government.

[00:03:31] **Speaker 1** Is all of that sustainable?

[00:03:35] **Speaker 3** It's not. We're currently at prices that are at or below our cost of production. We have rising labor costs. We have inflation in our input commodities, things like chemicals and fertilizer. Even land prices are obviously up as well. And so when you add all of those inflationary elements into our production and then you have customers on the opposite side or consumers on the opposite sides who don't want to pay more for the product, just like many to pay more for our groceries, Chinese consumers don't want to pay more for the jinxing. And so they're asking the farmers who grow jinx in Wisconsin to consider taking a price reduction to offset the tariffs so that the prices don't have to be increased to them. Whether that's possible or feasible or not will really depend on the market conditions and whether farmers are forced to sell their crop. We have a significant number of farmers who have not sold their crop from 2024, and so it's a very real possibility that if not this year, this fall's crop in 2025 may have to see some changes made either to the amount of production or to the price.

[00:04:39] **Speaker 1** Do you think this is a product and market that U.S. Trade representatives understand?

[00:04:46] **Speaker 3** I think we've done a good job of explaining the impact to the central Wisconsin economy, in particular Marathon County, if we don't have a jinxing crop and jinx and farmers. But I do believe the way that tariffs have been rolled out in both phases of this trade war, during Trump's first administration and now during the second one, is it's a blanket statement. It's not targeted, it's not necessarily pointed at specific industries. You know, there are some specific industries that may be getting additional tariffs, such as steel, aluminum, some of the technology sectors. But when you're talking about broad swaths of tariffs being rolled out across the board in equal measure, it's not really targeted. And so I think that's what makes this difficult for many of us used to dealing with a changing global environment, is it might be one or two or three items here. It's across the border.

[00:05:43] **Speaker 1** Wilshu, we wish you well and we wish you luck on your visit there and on your crop back here at home. Thank you so much.

[00:05:52] **Speaker 2** Thank you for having me.

[00:05:59] **Speaker 1** Wow, thank you. This is, it's devastating. We'd like to continue to check in with you, not to, you know, feel your pain, but to understand the market.

[00:06:11] **Speaker 3** Well, to get the message out, because I do think targeted tariffs make a lot of sense on certain industries, but across the board to say everything's going to, the way China has done it is also equally unfair, but they've done it in response to the U.S. So you can decide who's to blame.

[00:06:28] **Speaker 1** Yeah, yes. Well, thank you. When do you return?

[00:06:33] **Speaker 2** I'll come back next week.

[00:06:35] **Speaker 1** Well again, thank you so much for making yourself available. Appreciate it.

[00:06:40] **Speaker 2** Thank you for your time. Have a good day.