

**THE STATE OF U.S. AGRICULTURAL
PRODUCTS IN INTERNATIONAL MARKETS**

HEARING
BEFORE THE
SUBCOMMITTEE ON LIVESTOCK AND FOREIGN
AGRICULTURE
OF THE
COMMITTEE ON AGRICULTURE
HOUSE OF REPRESENTATIVES
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THE STATE OF U.S. AGRICULTURAL PRODUCTS IN INTERNATIONAL MARKETS

TUESDAY, JUNE 11, 2019

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON LIVESTOCK AND FOREIGN AGRICULTURE,
COMMITTEE ON AGRICULTURE,
Washington, D.C.

The Subcommittee met, pursuant to call, at 10:03 a.m., in Room 1300 of the Longworth House Office Building, Hon. Jim Costa [Chairman of the Subcommittee] presiding.

Members present: Representatives Costa, Brindisi, Hayes, Cox, Craig, Harder, Vela, Plaskett, Carbajal, Panetta, Peterson (*ex officio*), Rouzer, Thompson, Hartzler, Kelly, Marshall, Bacon, Hagedorn, and Conaway (*ex officio*).

Staff present: Malikha Daniels, Matt MacKenzie, Katie Zenk, Bart Fischer, Callie McAdams, Ricki Schroeder, Patricia Straughn, Dana Sandman, and Jennifer Yezak.

OPENING STATEMENT OF HON. JIM COSTA, A REPRESENTATIVE IN CONGRESS FROM CALIFORNIA

The CHAIRMAN. The Subcommittee on Livestock and Foreign Agriculture will now come to order. This is another one of a series of Subcommittee hearings that we are holding to deal with our appropriate role in terms of our oversight, as well as to try to find ways in which we can cooperate with the Administration to solve problems on behalf of our country, and specifically, American farmers, growers, ranchers, dairymen and women throughout the country. This morning, we are going to talk about the challenges dealing with the trade issues that the Administration is engaged in as it relates to products that we all grow and international markets that we rely upon in terms of our access to those markets, and to have a level playing field to the degree that we can, and fairness in implementing changes that are necessary that I think on a bipartisan level, we all agree that we have to deal with. We sometimes disagree on the strategies on how to get there in terms of the best way to reflect the needs of American agriculture.

Let me begin with my opening statement. I want to thank all of you who are here this morning. I hope we get a chance to get some answers to questions on how we are really dealing with U.S. agricultural trade policy and its impacts on the lives and the livelihoods of not only farmers, ranchers, and countless others who rely on American agriculture, but our farm communities, because the ripple effect in our farm communities directly impacts employment. It impacts our schools. It impacts our way of life, and some of you

have heard me say it before, nobody does it better than the American farmer that puts an abundance of food of the highest quality for health purposes anywhere in the world, on America's dinner table every night.

I am going to start off by reflecting—and you will get a sense from my comments—a show that many of us grew up with as kids that I reflect upon on occasion, and that is *Dragnet*. How many of us remember *Dragnet* as a kid and used to watch it? What Sergeant Friday used to always say, “Just the facts, ma’am.” Okay. Well, I am going to talk about this morning in my opening statement just the facts as I see them.

Trade is especially crucial in California where we export over 40 percent of this incredible cornucopia that we produce, about \$50 billion a year at the farm gate. In 2017, over \$20 billion of that was reliant upon our ability to export to Mexico, to Canada, to China, to India, all around the world. We are very good at growing things. We have been blessed with an abundance of good farm country.

Today, Members of the Subcommittee, we have a very good distinguished group of individuals who I have worked with and many of you know. We have Ambassador Gregg Doud of the Office of the U.S. Trade Representative, and we have USDA Under Secretary for Trade and Foreign Agricultural Affairs Ted McKinney, who many of us have worked with over the years. These two gentlemen have a wealth of experience of working here on the Hill, and this, as we like to say, isn't their first rodeo. We believe that these two individuals are the most directly involved in the Administration's discussion on agricultural trade policy, so we are very glad that they would take the time to update the Subcommittee on the challenges we face.

Given the ups and downs of the trade discussion in recent months, we are all interested in where we are today and where we are going. That is what my farm country wants to talk about.

We know that farm bankruptcies are the highest that they have been in a decade. After record highs in 2013, farm income is forecasted to fall below \$70 billion for the third straight year. Crop prices in many areas have cratered from record highs within the last decade to generational lows. Dairy and livestock farmers are struggling. California wine exports to Europe are down 15 percent and down 25 percent to China. And the target of California-grown fruits and nuts—and we produce half of the nation's fruits and vegetables and 70 percent of the world's almonds and 50 percent of the world's pistachios—is projected to cost our growers this year over \$2.64 billion. That is just in the specialty crop in California for almonds, pistachios, and leafy greens.

As a matter of fact, according to the USDA's Economic Research Service, imports of agriculture goods increased by six percent between 2017 and 2018, and while exports, exports that are all part of this trade discussion, only grew at one percent. As you can see on the screen, and I have it up there—and for Members of the Committee, these factors have led to the U.S.'s smallest agricultural trade surplus in over a decade. That is what this chart shows. And we have always enjoyed—again, because of successive Administrations—a surplus in our agricultural trade. But this is the nar-

rowest it has been since 2004 and 2006, and we are all concerned about that. That is why this hearing is so important.

And then, there is something that none of us can control, right? It is just the nature of farming, and that is the weather. Flooding continues to ravage prime corn and soybean regions in the Midwest. Hurricanes have battered cotton and rice and specialty crop producers in the South. Drought has had a particular impact on livestock and row crop farmers in the southern Great Plains, and throughout eastern California. And of course, we have wildfires again. We had an abundance of snow in the mountains, and we have a pretty good water year in California, and now we have wildfires. It seems to be either feast or famine that have taken a disproportionate toll on timber and our wine grape growers in northern California.

And so, in my view, the Administration's trade policies, even though with the best of intentions, have made these difficult times that deal with a lot of factors that are out of our control more difficult for farmers and ranchers. I am glad that the President has abandoned what I felt was an ill-conceived plan to put new tariffs on Mexico. I have talked with a number of our Senators, Republican and Democratic alike, and they had many concerns over the last 10 days about these proposed tariffs. But I do remain concerned about the drag that this exercise has created in slowing down the momentum that existed after the Administration agreed to lift the section 232 tariffs, which was an important step, and Ambassador Lighthizer had indicated to many of us was part of a series of milestones that needed to be achieved to bring the USMCA, the U.S.-Canada-Mexico Agreement before us.

While we made progress 2 weeks ago, I think the last week has been a step backwards, and I hope there will be no more policy surprises as we attempt to work on a bipartisan basis to move this trade agreement forward.

I am also concerned about the lack of a resolution with the situation with China. We are eager to see our farmers and ranchers on a level playing field, not only with China, but with Japan, since our competitors are already enjoying preferential access.

I am one of those that, in my opinion, I still believe that the Trans-Pacific Partnership would have been a better strategy to deal with China's unfair trade practices, which we have been known for decades, back to the Clinton Administration and the Bush Administration. Every Administration has had a different strategy to deal with these unfair trade practices. As a matter of fact, most of what was in TPP was a part of now what is in USMCA, with some improvements. And I wonder whether or not at some point in time maybe we might want to consider rejoining the efforts with TPP, and I have suggested that to Ambassador Lighthizer.

The Administration has acknowledged the damage these policies have caused for farmers. They have done so, in effect, by issuing now with this new round \$28 billion in two taxpayer-funded bailouts for those affected. And for the Committee assignment members, I have this chart here that is before you. It shows how they attempted to try to provide support across the country in that first round of \$9 billion of mitigation. And you can see how much it ben-

effitted various commodity groups on percents per pound, and I know the USDA is in the process of formulating how they will provide benefits in the second round. And that is important; but, farmers in California I can tell you—and around the country—they are not looking for a handout. They are not looking for subsidies. And this, in the bigger scheme of things, doesn't come close to mitigating the impacts that these—on prices have had. Three cents a pound on almonds, for example, we think the impacts have resulted in a 30¢ per pound decrease in—at the marketplace. And you can go down the list.

I am concerned about the policy signals that are taking place, notwithstanding the attempt to soften the blow for farmers that is being used.

Gentlemen, as I said on the outset, I have respect for both of you. You are knowledgeable, and you have been around for a while. As we say, it is not your first rodeo. I know Secretary Perdue and Ambassador Lighthizer are also doing everything possible to resolve these issues. And I know we all share in this Committee on a bipartisan basis the goal of seeing American agriculture succeed. We all represent American farmers, ranchers, dairymen and -women. You both have lived through the agriculture going back to the 1980s. You have seen firsthand the foreclosure crisis, followed by a grain embargo. You know how destructive trade wars are on the farm, especially when we compound additional market stresses. And whether we are talking about on the farm, or on the board room, we all know that there needs to be a plan in place.

And so, that is what we are going to be asking you here this morning: Where is the plan in place? Farmers don't operate without one, and it is reasonable to expect the same from this Administration.

Let me tell you a story about a conversation I had last year over dinner with the European Union Commissioner for Agriculture and Rural Development, Phil Hogan. Phil Hogan and I have gotten to be friends. And he said Jim, he says, let me tell you something. He says we just finished our agreement with Canada. He says we are finishing our agreement with Mexico. We are working with the MERCOSUR countries, we are negotiating with Japan. And this is what the EU Agriculture Commissioner told me. He says when you figure out what your trade policy is, let us know, and we will dust off TPP and we will get to work. And so, what we are trying to figure out is what our trade policy is. I want to hear the plan for getting our agriculture trade policy back on track today. I am not looking to point fingers or buck passing or blaming the last Administration. That doesn't get the job done. The time for all that has passed. We are here in a trade war now for over a year. I don't think anyone wins a trade war; because, everybody has leverage. I mean, we haven't even seen the Chinese talk about the \$1 trillion in American debt that they have or their ability to go to security markets every month.

And so, this tariff poker war is one in which no one wins.

The President promised 3½ million American farmers and ranchers that he would get them more of what they have had before, and not more subsidies. We know that for China, the easiest thing for them to do is to buy more ag products. They have the

market, and they have the need. And clearly, there are other issues at hand here that I know the trade ambassador is trying to negotiate, and that is important. Gentlemen, what I want to know is where are we today, and where are we going?

[The prepared statement of Mr. Costa follows:]

PREPARED STATEMENT OF HON. JIM COSTA, A REPRESENTATIVE IN CONGRESS FROM CALIFORNIA

Thank you and welcome. We're here to get some answers about what is really our U.S. agricultural trade policy and its impacts on the lives and livelihoods of farmers, ranchers, and the countless others who rely on American agriculture. Trade is especially crucial for my home State of California where we export over 40 percent of our total agricultural product, which equaled over \$20 billion in 2017.

With us is Ambassador Gregg Doud of the Office of the U.S. Trade Representative, and USDA's Under Secretary for Trade and Foreign Agricultural Affairs Ted McKinney. These two are the two most directly involved in the Administration's discussions on agricultural trade policy, and I am glad to have them join us. Given the ups and downs of the trade discussion in recent months, we're all interested in where we are and where we're going.

Farm bankruptcies are at their highest in a decade. After record highs in 2013, farm income is forecast to fall below \$70 billion for the third straight year. Crop prices have cratered from their record highs within the last decade to generational lows. Dairy and livestock farmers are struggling. California wine exports to Europe are down 15 percent, and down 25 percent to China, and the targeting of California-grown fruits and nuts is projected to cost our growers \$2.64 billion a year.

According to the USDA's Economic Research Service, imports of agricultural goods increased by six percent between 2017 and 2018 while exports only grew one percent. As you can see on the screen, these factors have led the U.S. to the smallest agricultural trade surplus in over a decade.

And then there's the weather: flooding continues to ravage prime corn and soybean regions in the Midwest; hurricanes battered cotton, rice and specialty crop producers in the South; drought has had a particular impact on the livestock and row-crop guys in the southern Great Plains and throughout eastern California; and wildfires took a disproportionate toll on both timber and winegrape growers across California.

This Administration's trade policies have made tough times for American farmers and ranchers worse. I am glad that the President has abandoned his ill-conceived plan to put a new tariff on Mexico. I, however, remain concerned that this whole exercise has slowed down the positive momentum that existed after the Administration finally agreed to lift the section 232 tariffs on Mexico and Canada only a few weeks ago. I hope there won't be any more surprise policy changes from the Administration if we want to continue productive conversations on the U.S.-Canada-Mexico-Agreement. In my opinion, USMCA, under the current environment, that the President is largely responsible for, will be difficult to pass this year at best.

I am also extremely concerned by the lack of resolution to the situation with China and am eager to see our farmers and ranchers on level playing field with Japan since our competitors are already enjoying preferential access. In my opinion, I still believe the Trans-Pacific Partnership was a better strategy to deal with China's unfair trade practices which we have known about for years.

The Administration has acknowledged the damage its policies are causing for farmers, issuing up to \$28 billion in two taxpayer-funded bailouts to some of those affected. As we can see from last round of payments and purchases, these subsidies aren't going to make up the difference for what people have lost. However, the Administration has yet to show any signs of changing course.

I am very worried that this policy signals that the Administration is more focused on softening the blow for farmers and is using agriculture to achieve undefined wins in other areas.

I have a lot of respect for both of you. You're knowledgeable and you've been around for a while. I know Secretary Perdue and Ambassador Lighthizer are also doing everything possible to resolve these issues. I know we share the goal of seeing American agriculture succeed. You both lived through agriculture in the 1980s. You've seen firsthand a foreclosure crisis followed by a grain embargo. You know how destructive a trade war is on the farm, especially when compounded by additional market stresses. Whether on the farm or in the boardroom, there needs to

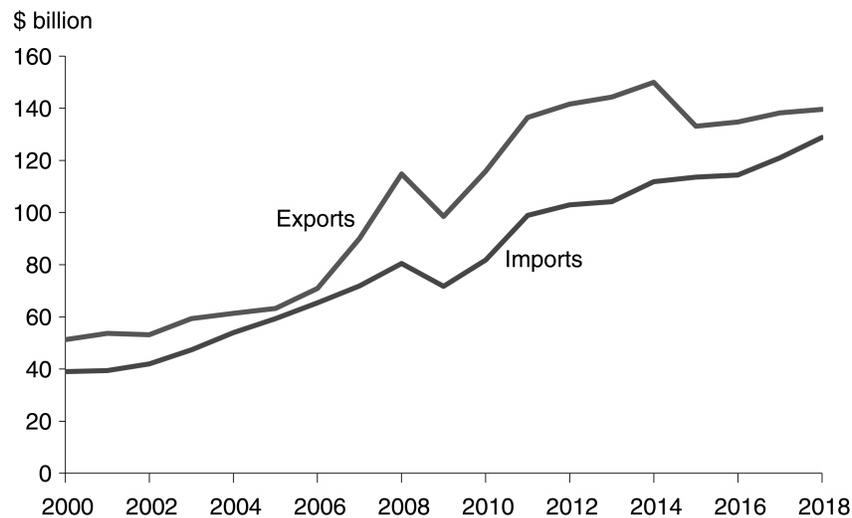
be a plan in place. Farmers don't operate without one, and it's reasonable to expect the same from the White House.

So, I want to hear the plan for getting U.S. agricultural trade back on track today. I don't want shrugs or buck-passing to other countries or the last Administration. The time for that has passed. We are over a year into this trade war. The fallout on agriculture of these trade policies are this Administration's to own.

The President promised 3½ million American farmers and ranchers markets that get them more than what they had before, not more subsidies from the Federal Government.

How are you accomplishing that, gentlemen? I look forward to hearing that answer today.

U.S. Agricultural Trade, 2000–2018



Source: USDA, Economic Research Service using data from U.S. Department of Commerce, U.S. Census Bureau, Foreign Trade Database.

<https://www.ers.usda.gov/data-products/chart-gallery/gallery/chart-detail/?chartId=58310>.

U.S. agricultural exports were valued at \$140 billion in 2018, a one percent increase relative to 2017. Export growth was hampered by reduced exports to Asia, particularly for soybean exports. Imports grew by six percent in 2018 to \$129 billion. Imports have grown at a faster rate than exports since 2016, driven in part by strong domestic economic growth. These shifts in U.S. agricultural trade produced a trade surplus in 2018 of \$10.9 billion, the smallest surplus since 2006.

Last updated: Monday, April 22, 2019

The CHAIRMAN. And with that, we will look forward to the hearing. I would like to defer to the Ranking Member of the Subcommittee for any opening statement he might like to make.

OPENING STATEMENT OF HON. DAVID ROUZER, A REPRESENTATIVE IN CONGRESS FROM NORTH CAROLINA

Mr. ROUZER. Well thank you, Mr. Chairman. Good morning to everybody, and I particularly want to thank our two distinguished witnesses for being here today.

There is no question that trade is of incredible consequence to American agriculture, from the hog farmer in North Carolina to the almond grower in California, or *amond*, as I understand they say in some places.

The CHAIRMAN. That is when they are on the ground.

Mr. ROUZER. From the wheat farmer in North Dakota to the cattle rancher in Texas, and for every farmer and rancher in between, agriculture trade and access to international markets obviously is absolutely critical. It is the difference between staying in business and not staying in business.

While this Committee has long extolled the virtues of trade, we have also watched our producers struggle with challenges in the U.S. farm economy. Net farm income has fallen to half the level it was just 6 years ago. These struggles have been intensified by the illegal trade practices of some of our top trading partners, and we know who they are. Agriculture can ill-afford the market distortions that come when our competitors cheat, and that is, quite honestly, what the President was trying to battle.

For example, China drives down prices here in the U.S. by building huge stockpiles of commodities, and it props up its wheat, corn, and rice farmers with more than \$100 billion in annual support. That is three commodities, \$100 billion in annual support. Not 5 years, annually. American farmers can compete with anyone, but only if they have a level playing field on which to do so. And that is what the President is trying to do.

Beyond reaching a conclusion to the negotiations with China, there are steps that can be taken today to increase opportunities for U.S. agriculture exports right here before us.

In the 2018 Farm Bill, we were able to provide a solid foundation for the promotion of U.S. farm products in the Market Access Program, the Foreign Market Development Program, the Emerging Markets Program, and Technical Assistance for Specialty Crops. I look forward to hearing an update from Under Secretary McKinney on the work this Administration is doing to implement these provisions and to aggressively promote U.S. agriculture products overseas.

We also have before us another significant opportunity to expand U.S. trade by swiftly approving USMCA, which the Chairman alluded to a few minutes ago. Analysis by the U.S. International Trade Commission indicates that American agriculture exports will increase by at least \$2.2 billion under the renegotiated deal. Additional gains are likely to be seen from science-based improvements to export procedures and cooperation on agriculture biotechnology.

With the most recent agriculture trade surplus having fallen to just \$10.9 billion, an increase in exports provided by USMCA is significant to our producers and to the rural communities in which they live. It is vital—absolutely vital—that we approve USMCA quickly so that the fine folks at USDA and USTR can open up even more market access for U.S. food and fiber in other places as well, such as Japan, China, and other great countries around the world.

Now, Mr. Chairman, I have a letter that I understand was delivered this morning—or at least I received a copy of it this morning—

The CHAIRMAN. We all received a copy of it, and it is appropriate and fitting, and you are going to request that we submit it for the record.

Mr. ROUZER. Yes.

The CHAIRMAN. Over 900 agricultural organizations throughout the country supporting the United States-Mexico-Canada Agree-

ment on trade, and without objection, we will submit it for the record.

[The letter referred to is located on p. 48.]

The CHAIRMAN. I agree. Thank you.

Mr. ROUZER. Thank you, Mr. Chairman.

I want to thank our witnesses for being here. I look forward to your testimony. I yield back.

The CHAIRMAN. Okay, the gentleman yields back, and under the protocol and propriety of our Subcommittee, the Subcommittee Chair will now defer to the Chairman of the House Agriculture Committee, if he wants to provide a statement. If he does not, he so passes and so we will recognize the Ranking Member of the House Agriculture Committee, former Chairman, the gentleman from Texas.

**OPENING STATEMENT OF HON. K. MICHAEL CONAWAY, A
REPRESENTATIVE IN CONGRESS FROM TEXAS**

Mr. CONAWAY. Thank you, Mr. Chairman. Thank you for having this really important hearing today. I want to thank both of our witnesses for all of the hard work they have done on behalf of producers and farmers and ranchers across this country over your tenure. Thank you for that. Ambassador Doud, it is never easy to stand up to a bully, and I appreciate your efforts to stand up to China, Xi Jinping, and the cheating that they have done in various activities. I, for one, don't believe that Xi Jinping and China will suddenly have some sort of a come to Jesus moment where they will abandon stealing our intellectual property, where they abandon all the nefarious activities they have been doing simply because we out-nice them, going forward. Standing up to bullies is hard, and difficult. The President recognizes that, and that is why these Market Facilitation Program payments and other efforts are going on to try to help somewhat offset the impact it has had on China's illegal retaliation pointed at our farmers and ranchers, because China believes that they are a good part of President Trump's base.

And so, thank you for the trade deals you are doing. The USMCA is a good agreement. The ag part of that is certainly good, expanding those markets.

Secretary McKinney, thank you for burning up the airwaves and running all over the world trying to put to good use the money that we put into 2018 Farm Bill, as well as the additional money that has come forward in these market facilitation payments. I know that you are shepherding those dollars well and trying to open new markets and sell American products across this country.

But speaking of the USMCA, the people I talked to back home were worried that partisan politics will scuttle the effort to get this done. I am begging my colleagues on the other side of the aisle if, in fact, you do support USMCA, that you work with your leadership to get this process moving, get Speaker Pelosi to move forward with what she needs to get done, make her decisions to go forward. Trade deals are never easy, but if it stays on high center because the Speaker doesn't bring it forward, doesn't make the necessary agreements with the White House, then we will, in fact, scuttle it, and you can lay blame to partisan politics, and shame on us if that

is how we wind up not letting USMCA be ratified. The sooner we get that done, the better. That is exactly what our folks back home tell me, that they are standing behind the President, but it is also painful and they want to get this process of all these trade negotiations done and done quickly.

Again, thank you, Mr. Chairman, for having this hearing, and I thank both of you gentlemen for your work and your staff behind you, the unsung heroes of making sure you guys look real good, and they do a good job of it.

Thank you for that, and I yield back.

The CHAIRMAN. Well, the gentleman yields back, and I thank him for his comments. Many of us have had a history of working on a bipartisan basis on trade agreements, as well as farm bills and a host of other efforts, and I know that Ambassador Lighthizer, as well as Secretary Perdue, has been working with the leadership on the House side to try to work out the differences on this, and it takes everybody to sit down at the table. And as I said earlier, not to point fingers and engage in partisan politics. I agree that that requires discipline on both sides.

Recognizing that, the chair would like to request that Members submit their opening statements for the record so the witnesses may begin their testimony and ensure that we have ample time for questions. We have a list here that was based upon when I hit the gavel down, and the order that the staff has among Republicans and Democrats. We will alternate, obviously, as we do traditionally.

With that said, I would like to welcome the United States Department of Agriculture's Under Secretary for Trade and Foreign Agricultural Affairs, Ted McKinney. We created this post in the previous farm bill, and he is the first appointee. In this role, he leads the development and implementation of the Department's trade policy and oversees and facilitates foreign market access. He has been around, and as I said, he has a lot of experience and we welcome him here today for the opportunities to promote U.S. agriculture through various trade programs and high-level government negotiations.

Our second witness is Ambassador Gregg Doud, who I will introduce in a moment.

But I would now like to begin with the hearing of the testimony. Each of you have 5 minutes. You know how the drill works. The light is green for 4 minutes, and then it turns yellow for a minute, and then start wrapping up.

Under Secretary McKinney, would you please begin when you are ready?

STATEMENT OF HON. TED MCKINNEY, UNDER SECRETARY FOR TRADE AND FOREIGN AGRICULTURAL AFFAIRS, U.S. DEPARTMENT OF AGRICULTURE, WASHINGTON, D.C.

Mr. MCKINNEY. Yes, thank you, Chairman Costa, Ranking Member Rouzer, and Members of the Subcommittee. I am pleased to appear with my longtime friend and colleague, Ambassador Gregg Doud of USTR, and happy to talk about USDA and our overall efforts to address issues concerning U.S. ag exports.

I must thank Secretary Perdue and President Trump for the appointment to this position. I am honored to be the first. That

doesn't mean trade hasn't been a focus, but I am honored to be the first. And I thank you, because many of you played a big role in the 2014 Farm Bill that created the opportunity for this position. I hope we are honoring your vision.

As Under Secretary, I fully support the Administration's strong commitment to our farmers, ranchers, and downstream from there providing everyone opportunities for exports across the globe importantly as we seek under free, fair, and reciprocal terms of trade.

As we work to level that trade playing field, we are using programs that you helped create, widely, I might add. As we work through the 2018 Farm Bill, and other programs, I might add, to work with trade associations, cooperatives, state regional trade groups, and small businesses, and they touch all of your states.

Through these programs, we share costs. We help focus the marketing and promotional activities. We help orient them, and we build commercial export opportunities. And I might add that the minimal return on the dollar of a taxpayer's investment is \$28 to \$1. It is most often better than that.

A word about USMCA: First, it is the top legislative priority for the Administration, as it is for much of agriculture. Ranking Member Rouzer, you mentioned the letter from nearly 1,000 companies of all sorts, associations, *et cetera*. It states that, and I think that is very important. This provides unprecedented access for many reasons. Dairy farmers here for access to Canada, eliminates discriminatory grading of wheat, improves poultry access. A modernized chapter on sanitary and phytosanitary may be the crown jewel, because it is language that we can use in many other free trade agreements, or whatever form they might take. And the same goes for the biosciences.

Biotechnology is very widely accepted around the world, but not everywhere, and we are at a crossroads with new technologies like gene editing. That chapter is also a terrific addition.

Mexico is committed not to restrict market access for U.S. cheeses, and Canada has committed to eliminating the discriminatory treatment of retail sales of U.S. wine and spirits.

I will just echo, we hope all of you will take that up and pass it. It is time. We need that.

One sentence or two on China. President Trump has taken a tough, but necessary, stand to confront China's unfair trade practices. There are undoubtedly challenges. We are in the middle of that now. But I am confident, and I hear, as most of you do, that most U.S. farmers and ranchers want to see this through so that they, if not their children, nephews, nieces, and others that might take over the farms, can benefit.

A bit about support of farmers. The Administration is committed to support farmers through this uncertainty, and that is why President Trump directed Secretary Perdue and he mentioned to many of us to craft a relief strategy to support American producers while the Administration continues to work on free, fair, and reciprocal trade deals. This is now the second mitigation program.

Let me be clear: Secretary Perdue, I, and most farmers would much rather—I would say always rather have trade than aid, but given the circumstances, we hear that they are grateful, and we are working very closely with them.

A big piece of that—well, a piece of that is the Agricultural Trade Promotion Program. It is the additional \$100 million in mitigation 2, on top of the \$200 million in mitigation 1 that goes to opening new markets, and we are already seeing great results.

My challenge, the challenge given to me, I embrace Secretary Perdue's charge to be U.S. agriculture's unapologetic advocate around the world. My most important role is building personal and trusted relationships. In my confirmation hearing, I shared that I wanted to be the happy warrior, and I hope that I am. Warrior in the sense that the cause is just. It is difficult. Happy in that we have to build trust, understanding, and progress.

In fact, I just returned from a trade mission last week to Colombia. By the way, the Colombia free trade agreement with the U.S. is working marvelously. That doesn't mean there are not always issues, and if we can deliver on that, an all-time high record number of attendees on an ag trade mission in the history of the Foreign Agricultural Service, we have opportunities for the future.

A request for you: We always need your help to speak to your State Departments of Agriculture, your small, medium, large businesses, and encourage them to join us on these ATMS, because they are successful. In 2016 prior, there were always about three or four per year. Last year, there were six. We doubled them. This year, there will be seven. We are going for eight or nine, because they are successful.

And thank you. It was mentioned earlier, MAP, FMD, EMP, TASC, are all incredibly valued. We are grateful for the additional funds.

Mr. Chairman, that concludes my statement. Thank you all. I look forward to your questions after my colleague's statement.

[The prepared statement of Mr. McKinney follows:]

PREPARED STATEMENT OF HON. TED MCKINNEY, UNDER SECRETARY FOR TRADE AND FOREIGN AGRICULTURAL AFFAIRS, U.S. DEPARTMENT OF AGRICULTURE, WASHINGTON, D.C.

Perspectives on U.S. Agricultural Trade

Chairman Costa, Ranking Member Rouzer, Members of the Subcommittee, I am pleased to appear before you with my colleague, Chief Agricultural Negotiator, Ambassador Gregg Doud from the Office of the United States Trade Representative (USTR). I welcome the opportunity to discuss the efforts of the U.S. Department of Agriculture (USDA) on behalf of U.S. agricultural exporters. I want to thank President Trump and USDA Secretary Perdue for their faith in me to serve as the first ever USDA Under Secretary for Trade and Foreign Agricultural Affairs (TFAA) and to thank this Committee for recognizing the critical need of this position, formally establishing it in statute in the 2014 Farm Bill.

As Under Secretary, I fully support the Administration's strong commitment to our farmers and ranchers in providing them the opportunity to export across the globe under fair and reciprocal terms of trade. President Trump is making sure other countries are held accountable and no longer take advantage of the United States. President Trump is confronting China's unfair trade practices and has kept his word in negotiating the new United States-Mexico-Canada Agreement (USMCA). While there are challenges, we are confident that U.S. farmers and ranchers will reap the benefits of these efforts.

I embrace the charge of Secretary Perdue to be American agriculture's unapologetic advocate around the world. It is important that foreign buyers and government officials develop direct personal relationships not only with us at USDA but also directly with American farmers and ranchers. I just returned from an agricultural trade mission to Colombia with an energetic group of exporters representing a cross-section of U.S. agriculture. Our farmers and ranchers are eager for the op-

portunity to forge relationships with potential customers and, most importantly, to generate sales.

United States-Mexico-Canada Agreement (USMCA)

The USMCA is a top legislative priority of the Administration just as it is a top priority of much of U.S. agriculture. It is important for Congress to pass the USMCA so American farmers can begin to benefit from the agreement. The agreement will expand export opportunities in the vital markets of Canada and Mexico and improve the highly productive integrated agricultural relationship we have with both countries.

Among its many provisions to help our agricultural community, this deal eliminates Canada's unfair pricing scheme for "Class [VI]" and "Class [VII]" milk, opens additional access for U.S. dairy into Canada, and imposes new disciplines on Canada's milk pricing system. For the first time in a U.S. trade agreement, trading rules specifically address agricultural biotechnology to support innovation. The Agreement includes commitments to avoid trade-distorting policies. Poultry producers have new access to Canada for chicken and eggs, and expanded access for turkey. More generally, we maintain existing zero tariffs into Canada and Mexico, our number one and two markets last year. For example, corn growers maintain duty-free access to Mexico, which is the top market for U.S. corn. USMCA updates rules of origin for processed fruits to ensure preferences benefit U.S. producers. The agreement also addresses Canada's wheat grading process, so it does not discriminate against U.S. wheat growers. Similarly Canada has agreed to ensure British Columbia eliminates discrimination against U.S. wine sold in grocery stores. By ensuring better market access and solidifying commitments to fair and science-based trade rules with our top trading partners, USMCA is a big win.

Farmer Support Program

President Trump directed Secretary Perdue to craft a relief strategy to support American agricultural producers while the Administration continues to work on free, fair, and reciprocal trade deals. Specifically, last month, the President authorized USDA to provide up to \$16 billion in programs, which is in line with the estimated impacts of unjustified retaliatory tariffs on U.S. agricultural goods and other trade disruptions. USDA will use its Commodity Credit Corporation authority for \$100 million to be issued through the Agricultural Trade Promotion Program (ATP) administered by the Foreign Agricultural Service (FAS) to assist in developing new export markets on behalf of producers. Other USDA agencies are also contributing to this CCC funded effort, with up to \$14.5 billion in direct payments to farmers from the Farm Service Agency (FSA) through the Market Facilitation Program and \$1.4 billion to purchase surplus commodities affected by trade retaliation under Food Purchase and Distribution Program (FPDP) administered by the Agricultural Marketing Service (AMS) and the Food and Nutrition Service (FNS).

Traveling the Globe for U.S. Agriculture

Since my confirmation, I've done my best to be the "million-mile flyer" that Secretary Perdue expects. As Under Secretary, I work hard every day to open markets and champion American agricultural products around the world.

In March, I traveled to our current number one and two export markets, our North American neighbors Canada and Mexico. I used the opportunity to build relationships with my counterparts but also remind them trade is a two-way street on which we can all benefit. My trade missions to Southern China, Southern Africa, and Indonesia targeted regions with rapidly growing economies and increasing middle class populations—factors favorable to U.S. export expansion. Recognizing the importance of relations with Japanese counterparts and the importance of their market, I made two trips to Tokyo last year leading a trade mission, attending FOODEX, Asia's largest food show, and conducting bilateral meetings to advance agricultural export interests.

Just last week, I led a trade mission to Colombia with more than 50 U.S. companies representing a broad spectrum of U.S. agriculture. Participants engaged with potential customers from Colombia, Panama, and around the region. There is growth opportunity for agricultural exports to these countries, and U.S. exports of corn, soybeans, and consumer-oriented goods have been surging. U.S. farm and food exports to Colombia reached a record \$2.9 billion in 2018. Most notably, increased feed demand for the country's expanding pork and poultry industries has led to rapid growth of U.S. exports.

Agricultural trade missions and trade shows are activities that offer phenomenal opportunities for U.S. exporters to explore new markets and forge relationships with potential customers. USDA's Foreign Agricultural Service marketing and trade ex-

perts skillfully select markets that offer the best prospects for sales of U.S. farm and food products.

I ask each of you to encourage the State Departments of Agriculture, producers, and producer groups in your respective states to reach out to USDA and consider participating in these market building efforts that showcase the depth and quality of U.S. agriculture. We have trade missions planned this year to Canada in September; Vietnam in October, including buyers from Burma and Thailand; and Kenya, including buyers from Burundi, Djibouti, Ethiopia, Rwanda, Sudan, Tanzania, and Uganda, also in October. In November, we are off to Mexico and are planning a mission to the UK in the near future.

Agricultural Trade Accomplishments

USDA efforts to break down barriers and pursue export opportunities resulted in new or expanded market access for numerous U.S. farm products.

Last September, President Trump and Prime Minister Abe announced that the United States and Japan would begin negotiations for a U.S.-Japan Trade Agreement. I am pleased that trade talks have begun, and that Secretary Perdue announced in May an agreement on new terms and conditions that eliminates Japan's longstanding restrictions on U.S. beef exports. While at the recent G20 Agriculture Ministerial Meeting, Secretary Perdue met with Japanese Government officials and affirmed the importance of science-based trade rules. He even grilled some delicious U.S. beef and pork for his Japanese hosts. The new terms allow U.S. products from all cattle to enter Japan for the first time since 2003 and pave the way for expanded sales to our top global beef market. USDA estimates that this expanded access could increase U.S. beef and beef product exports to Japan by up to \$200 million annually. An agreement with Japan offers a unique opportunity to expand U.S. exports of agricultural products to Japan, which totaled \$13 billion in 2018. The leading U.S. agricultural exports include corn (\$2.8 billion), beef (\$2.1 billion), pork (\$1.6 billion), soybeans (\$947 million), and wheat (\$698 million).

We have also expanded market access for beef and pork to Argentina, poultry to India and Namibia, beef and poultry to Morocco, eggs to South Africa, dairy to Turkey, and lamb to El Salvador. In April, Secretary Perdue and Ambassador Lighthizer announced that the government of Tunisia and the United States finalized export certificates to allow imports of U.S. beef, poultry, and egg products into Tunisia.

Foreign Agricultural Service staff around the globe assisted U.S. exporters in releasing hundreds of shipments that were detained at foreign ports. Just last year, our efforts ensured that more than \$77 million of perishable U.S. products arrived safely at their final destinations. Among them were beef to Bulgaria, cherries to Taiwan, cranberries to China, and lobsters to the United Arab Emirates.

Implementing the 2018 Farm Bill

Thank you for providing USDA a farm bill that provides a strong safety net for farmers and ranchers and supports important trade programs to bolster U.S. agricultural exports. The trade title provides authority and funding for export market development and promotion programs. In my mission area, we are hitting every implementation target and all our programs are fully operational. In February we announced 2019 allocations for more than \$202 million in Market Access Program (MAP) and Foreign Market and Development Program (FMD) funds to assist U.S. agricultural exporters. Emerging Markets Program (EMP) awards include funds for projects to help eliminate cheese tariffs for U.S. exporters to Thailand and to evaluate consumer preferences for U.S. fish exports to China. Technical Assistance for Specialty Crops (TASC) early funds have been awarded, including to Florida Citrus Packers to develop treatments to reduce stem-end rot that restricts our grapefruit exports to Japan; to the Organic Trade Association to develop streamlined equivalency applications to speed that process; and to the U.S. Highbush Blueberry Council to research pest mitigation methods to support U.S. exports to Australia.

We are also committed to smooth implementation of our programs to help developing countries improve their agricultural systems, build their trade capacity, and support food security. In March, Fiscal Year 2019 funding opportunities for the McGovern-Dole School Feeding Program and the Food for Progress program were announced.

Conclusion

This Committee knows well that agricultural exports contribute vitally to prosperity in and beyond rural America. It is my privilege to serve as USDA's agricultural advocate to the world and help grow these exports.

Mr. Chairman, that concludes my statement. I would be pleased to answer any questions from the Committee.

The CHAIRMAN. Thank you very much, Mr. Under Secretary, for your comments. I think that gives a good basis for discussion following your testimony. I am one of those that supports the effort on the Trade Promotion Authority, and obviously believe the Colombia agreement was important, which is why I voted for it.

We now have our second witness, Ambassador Gregg Doud, who serves as the Chief Agricultural Negotiator in the Office of Trade Representative Ambassador Lighthizer, who has numerous conversations, and I must give him high marks for his efforts on the Hill over the last 3 months in working with Members on a bipartisan basis to try to answer questions and deal with issues that we all have with regards to not only the U.S.-Mexico-Canada Trade Agreement, but also these vexing challenges we have with China and other countries.

So, with that said, Ambassador Doud, we welcome you here today, and we look forward to your testimony.

**STATEMENT OF HON. GREGORY DOUD, AMBASSADOR AND
CHIEF AGRICULTURAL NEGOTIATOR, OFFICE OF THE U.S.
TRADE REPRESENTATIVE, WASHINGTON, D.C.**

Mr. DOUD. Thank you, Chairman Costa, Ranking Member Rouzer, and other distinguished Committee Members. I want to thank you for the opportunity to testify today on President Trump's agricultural trade policy agenda. Ambassador Lighthizer and my colleagues at USTR and USDA have been working around the clock to address ag trade issues with our trading partners and increase export opportunities for farmers, ranchers, workers, and agribusinesses. I look forward to highlighting our efforts in multiple areas.

The U.S. is the world's largest exporter and importer of food and ag products. U.S. agriculture has posted an annual trade surplus for well over 50 years. Overall, U.S. farmers and ranchers export more than 20 percent of what they produce, and in 2018, ag exports reached nearly \$145 billion, an increase of 1.4 percent over 2017.

Every day this Administration, and the men and women at USTR and USDA, work to expand export markets for American agriculture. Whether it is poultry and beef to North Africa, pork to South America, grains and horticulture to Asia, dairy to Chile, and the list goes on and on.

Let me focus my remarks today, however, on major trade initiatives of this Administration.

First, passage of the U.S.-Mexico-Canada Agreement is an absolute necessity for U.S. agriculture. Since the implementation of the NAFTA in 1994, our ag exports to Canada have increased 289 percent and our ag exports to Mexico by 311 percent, creating our first and second largest export markets in 2018 worth a combined \$41 billion out of \$145 billion in ag exports last year. In accordance with our TPA requirements, USMCA creates new market access for dairy, poultry, and eggs into Canada above and beyond existing access under NAFTA and what was negotiated in TPP. USMCA maintains duty free access to Mexico, allowing U.S. producers to build upon the \$19 billion in ag exports last year.

In addition to the current exports of dairy products to Canada from the U.S., Canada will provide new dairy TRQs exclusively for the United States. Additionally, Canada will eliminate its Class VI and VII milk class pricing policies. This is critical as we work to prevent Canada from externalizing the cost of its quota-based dairy program by undercutting U.S. skim milk powder prices in third country markets.

USMCA also guarantees market access for poultry and eggs under new TRQs exclusively for U.S. producers. The need for this market access has never been more urgent, as more countries fill Canada's WTO chicken TRQ, resulting in a decrease in U.S. market share in Canada from 75 percent in 2014 to 66 percent last year.

For the first time in a U.S. trade agreement, USMCA specifically addresses ag biotech to support 21st century innovations in agriculture. The text covers all biotechnologies, including new technologies such as gene editing. In contrast, the TPP text covered only traditional recombinant DNA technology.

For decades, U.S. wheat growers have raised concerns that U.S. wheat shipped to Canada must be graded as feed wheat, even though it may be high quality. Canada agreed to grade imports of U.S. wheat in a manner no less favorable than it accords to Canadian wheat.

There are many additional improvements of USMCA over NAFTA, including procedural safeguards for recognition of new geographic indications, and Canada's commitment to ensure that British Columbia eliminates its discriminatory treatment of U.S. wine in grocery stores.

The urgency to pass USMCA cannot be overstated for U.S. agriculture due to the size of the Canadian and Mexican markets for U.S. ag products.

In addition to USMCA, a tremendous amount of work has gone into negotiations with China since President Trump and President Xi met in Buenos Aires back in November. The Administration has negotiated in good faith since then, twice delaying the scheduled increase in tariff rates due to progress in the trade talks. However, because China backtracked on significant commitments that it has made during the course of these negotiations, including on ag issues, President Trump directed USTR Lighthizer to increase the rate of duty on \$200 billion of Chinese imports from 10 to 25 percent on May the 10th.

The U.S.-China economic relationship is very important, and the Trump Administration is committed to reaching meaningful, fully enforceable commitments to resolve structural issues and improve trade between our countries.

In 2018, the U.S. exported \$13 billion in ag goods to Japan. The President, Ambassador Lighthizer, and I all understand the urgency to advocate these negotiations as soon as possible. We have also published our negotiating objectives for trade agreements with the EU and the UK.

Continued adoption of technology by U.S. ag producers is a vital element to maintain U.S. global competitiveness. A cornerstone of U.S. trade policy is to promote the adoption by our trading partners of a transparent, predictable, and risk appropriate regulatory

methods that are based on science. We are working in the WTO Codex and with several like-minded countries to advance this objective.

Thank you. I look forward to working with the Committee to implement the President's trade policy agenda. I am happy to answer any questions.

[The prepared statement of Mr. Doud follows:]

PREPARED STATEMENT OF HON. GREGORY DOUD, AMBASSADOR AND CHIEF AGRICULTURAL NEGOTIATOR, OFFICE OF THE U.S. TRADE REPRESENTATIVE, WASHINGTON, D.C.

Chairman Costa, Ranking Member Rouzer and other distinguished Committee Members:

I want to thank you for the opportunity to testify today on President Trump's agriculture trade policy agenda. Ambassador Lighthizer and my colleagues in the Office of the U.S. Trade Representative (USTR) and U.S. Department of Agriculture (USDA) have been working around the clock to address agricultural trade issues with our trading partners and increase export opportunities for farmers, ranchers, workers and agribusinesses. I look forward to highlighting our efforts in multiple areas.

The United States is the world's largest exporter and importer of food and agricultural products. U.S. agriculture has posted an annual trade surplus for well over 50 years. Agricultural exports support more than one million American jobs, with roughly 70 percent of these jobs in the non-farm sector, such as in processing and agricultural manufacturing. Overall, U.S. farmers and ranchers export more than 20 percent of what they produce. In 2018, agricultural domestic exports reached nearly \$145 billion, an increase of 1.4 percent over 2017.

Every day this Administration, and the men and women at USTR and USDA, works to expand export markets for American agriculture. Whether it's poultry and beef to North Africa, pork to South America, grains and horticulture to Asia, dairy to Chile, and the list goes on, the Administration is focused on opening markets for America's farmers and ranchers.

Let me focus my remarks, however, on major trade initiatives of this Administration.

First, passage of the United States-Mexico-Canada Agreement (USMCA) is an absolute necessity for U.S. agriculture. Since the implementation of the North American Free Trade Agreement (NAFTA) in 1994, our agricultural exports to Canada have increased 289% and our agricultural exports to Mexico have increased by 311%—creating our first and second largest export markets in 2018 worth a combined \$41 billion out of \$145 billion in total agricultural exports last year. In accordance with our TPA requirements, USMCA creates new market access for U.S. dairy, poultry, and eggs into Canada above and beyond existing access under NAFTA and what was negotiated in the Trans-Pacific Partnership (TPP). USMCA maintains duty free access to Mexico, allowing U.S. producers to build upon the \$19 billion in agricultural exports to Mexico in 2018.

In addition to the current exports of dairy products from the United States, Canada will provide new tariff rate quotas (TRQs) exclusively for the United States. This agreement provides new TRQ access for over ninety-nine thousand additional metric tons, after 6 years, of dairy products, including: fluid milk, cream, butter, skim milk powder, cheese, and many others. And that number will grow for another 13 years after that. Additionally, Canada will eliminate its Class [VI] and [VII] milk class pricing policies. This is critical as we work to prevent Canada from externalizing the cost of its quota-based dairy program by undercutting U.S. skim milk powder prices in third country markets.

USMCA also guarantees market access for poultry and eggs under new TRQs exclusively for U.S. producers. The need for this market access has never been more urgent as more countries fill Canada's WTO chicken TRQ, resulting in a decrease of U.S. market share in Canada from 75 percent in 2014 to 66 percent market share in 2018 of Canadian chicken imports. USMCA includes a TRQ for chicken of 57,000 metric tons and for eggs of ten million dozen in year 6 of the Agreement—both just for U.S. producers. Similar to dairy, these U.S.-only quotas will increase for an additional 10 years. The United States will also maintain the ability to export chicken to Canada under its WTO TRQ of nearly 40,000 metric tons.

For the first time in a U.S. trade agreement, USMCA specifically addresses agricultural biotechnology to support 21st century innovations in agriculture. The text covers all biotechnologies, including new technologies such as gene editing. In contrast, the TPP text covered only traditional rDNA technology. Specifically, we included provisions to enhance information exchange and cooperation on agricultural biotechnology trade-related matters.

In the Sanitary and Phytosanitary (SPS) Measures chapter, we have agreed to strengthen disciplines for science-based SPS measures, while ensuring Parties maintain their sovereign right to protect human, animal, and plant life or health. Provisions include increasing transparency in the development and implementation of SPS measures; advancing science-based decision making; improving regulatory processes for certification, regionalization and equivalency determinations; conducting systems-based audits; improving transparency for import checks; and working together to enhance compatibility of measures. The USMCA also establishes a new mechanism for technical consultations to resolve issues between the Parties.

For decades, U.S. wheat growers have raised concerns that U.S. wheat shipped to Canada must be graded as feed wheat, even though it may be high quality. Canada agreed to grade imports of U.S. wheat in a manner no less favorable than it accords to Canadian wheat, and to not require a country of origin statement on its quality grade certificate.

There are many additional improvements of USMCA over NAFTA, including procedural safeguards for recognition of new geographical indications and Canada's commitment to ensure that British Columbia eliminates its discriminatory treatment of U.S. wine in grocery stores. The urgency to pass USMCA cannot be overstated for U.S. agriculture, due to the size of the Canadian and Mexican markets for U.S. agricultural exports.

The President has a robust trade agenda that includes many potential economic opportunities for farmers, ranchers, workers, and agribusinesses, including negotiations for trade agreements with Japan, the European Union, and the United Kingdom upon its exit from the European Union. To advance the rest of the trade agenda, however, passage of USMCA is critical.

Regarding the rest of the President's trade policy agenda, we have been very active in addressing trade policy concerns and creating new export opportunities for U.S. agriculture. In addition to USMCA, a tremendous amount of work has gone into negotiations with China since President Trump and President Xi met in Buenos Aires on November 30, 2018. The Administration has negotiated in good faith since then, twice delaying the scheduled increase in tariff rates due to progress in the trade talks.

However, because China backtracked on significant commitments it had made during the course of negotiations, including on agricultural issues, President Trump directed USTR Lighthizer to increase the rate of duty on \$200 billion of Chinese imports from 10 percent to 25 percent on May 10, 2019. USTR is currently establishing a process by which interested persons may request that specific covered products be excluded from the duties. Additionally, President Trump directed Ambassador Lighthizer to begin the process of raising tariffs on essentially all remaining imports from China, which are valued at approximately \$300 billion.

The U.S.-China economic relationship is very important, and the Trump Administration is committed to reaching meaningful, fully-enforceable commitments to resolve structural issues and improving trade between our countries. I can say an important element of our negotiations has been to resolve a large number of unwarranted and longstanding trade barriers to U.S. agricultural exports. I hope that China will make real structural changes across the range of unfair policies and practices that yield actual, verifiable, and enforceable results. If we are able to have an acceptable agreement, President Trump expects substantial and immediate purchases of U.S. agricultural products, as well as the removal of technical and regulatory barriers that impede such purchases.

With respect to Japan, in 2018, the United States exported over \$13 billion in agricultural goods to Japan. The President, Ambassador Lighthizer, and I all understand the urgency to advance these negotiations as soon as possible for U.S. agriculture.

We have also published our negotiating objectives for trade agreements with the European Union (EU) and the United Kingdom (UK) upon its exit from the EU. Both of these sets of objectives include comprehensive market access for agricultural goods into the EU and UK. We will continue to consult closely with Congress regarding negotiations with the EU and UK.

The World Trade Organization (WTO) provides multiple tools for the United States to build coalitions or act alone to aggressively counteract trade concerns that negatively impact U.S. production and jobs. That said, the WTO that we intended

to create, and the WTO we seek, is in key respects not the WTO we have today. This is not a new or sudden development. For years, the United States and many other Members have voiced concerns with the WTO system and the direction in which it has been headed.

For example, the WTO's negotiating arm has been unable to reach agreements that are of critical importance in the modern economy. Previous negotiations were undermined by some Members' repeated unwillingness to make contributions proportionate to their role in the global economy, and by these Members' success in leveraging the WTO's flawed approach to developing-Member status.

In addition, certain Members' persistent lack of transparency, including their unwillingness to meet their notification obligations, have undermined Members' work in WTO committees to monitor compliance with WTO obligations. Their lack of transparency has also damaged Members' ability to identify opportunities to negotiate new rules aimed at raising market efficiency, generating reciprocal benefits, and increasing wealth.

The United States is at the forefront of the reform effort in Geneva. In February, we submitted a proposal to the General Council to promote differentiation of development status in the WTO to reflect today's realities. We are also working with a diverse group of Members to advance a proposal aimed at improving Members' transparency and compliance with their notification obligations.

In the case of agriculture domestic support, we have major concerns that countries are failing to properly notify their domestic support. We therefore have started submitting our own counter-notifications of other countries' excessive domestic support, and we are holding countries accountable for their excessive trade-distorting farm subsidies. We litigated a major dispute to a WTO panel on China's excessive farm support for grains, and we won. But we recognize that, in many respects, the WTO dispute settlement system has strayed far from the system agreed to by the United States. In particular, the Appellate Body has appropriated to itself powers that WTO Members never intended to give it and does not follow the rules set by WTO Members. Previous Administrations have worked to address this issue, and this is something that the Trump Administration continues to address head-on.

Finally, U.S. agricultural productivity and efficiency, as measured by agricultural total factor productivity, is among the highest in the world. This productivity is, in large part, determined by how well producers manage current technology. Continued adoption of technological progress by U.S. agricultural producers is, therefore, a vital element to maintain U.S. global competitiveness. Accordingly, a cornerstone of U.S. trade policy is to promote the adoption by our trading partners of transparent, predictable and risk appropriate regulatory methods that are based on science. We are working in the WTO, Codex, and with several like-minded countries to advance this objective.

Thank you. I look forward to working with the Committee to implement the President's trade policy agenda. I am happy to answer any questions.

The CHAIRMAN. Thank you very much, Ambassador, for your focused and succinct testimony, and as you noted in your comments, there are a number of significant accomplishments that have been achieved in USMCA, and it is one of the reasons it is an improved NAFTA 2.

Let me begin with my questioning. China's retaliatory tariffs, as I indicated in my opening statement, have had impacts across the board. It has been one of the growing markets for U.S. agriculture, and dairy producers, as an example, have found more than ten percent growth each year over the last decade. But this year, with their retaliatory tariffs, it has reversed some of those gains. First quarter exports in 2019 were down 40 percent over last year, even though China's overall imports are up 13 percent. Obviously, if this continues, dairy producers think they will lose as much as \$5 billion by the end of 2020.

Under Secretary, what are we doing to achieve progress that we will remove these tariffs and address the pain it has caused our dairy industry sector in the interim?

Mr. MCKINNEY. And your question is specific to China?

The CHAIRMAN. Yes.

Mr. MCKINNEY. Well, clearly, we are in a discussion with China. I would say that Ambassador Doud and I and our teams, we are having great progress as we talk with China, including many of the commodity and the products that you referenced.

But when that point in time came that there was backsliding, and it was very distinct, it was obvious, the decision was made that we could not see that happen. And I might add that we were not seeking things that were so out of line that they weren't being treated with same accord to other countries. China was providing access to other countries. We were seeking same, similar. Yes, we were pushing the boundaries on a couple of things.

The decision was made to step back and revisit this, and so we are in this—I will call it a cooling off period. I hope that the Presidents will meet on the margins of the G20 and get this going again.

What we are doing to address that are some mitigation programs, sir, and I think that is your question.

The CHAIRMAN. Well, yes, and because of my time, I obviously understand what you are attempting to do in mitigation. But, the reality is, as I said, it is easy for China to buy more agricultural products. They have a market and they have the need.

Mr. MCKINNEY. Right.

The CHAIRMAN. But citrus growers are grappling with this similar loss in exports to China, as well as a dramatic increase of imports of cheap, offshore fruit. These factors, coupled together with creating an oversupply in the domestic market and U.S. foreign fruit have seen prices decline 37 percent. Obviously, the mitigation is not going to make up the difference.

Our growers, whether we are talking about National Milk, IDFA, CDI, our citrus producers, Sunkist, *et cetera*, they are wondering what do they do in the interim, because in essence, we are being held hostage.

Mr. MCKINNEY. Yes.

The CHAIRMAN. For the reasons that the gentleman from Texas indicated earlier.

I talked to a lot of constituents of specialty crops and dairy farmers in the last round, and they are worried.

Mr. MCKINNEY. We are worried, and we would like to get this resolved. But, the question is what does it take to address this in the long-term?

We can go through commodity after commodity, crop after crop, product after product, and talk about constraints that they were seeing in comparison to other countries, and so, this reset is a desire to level that playing field—

The CHAIRMAN. On another point, the dairy farmers and pork producers, among others, suffered losses on the Canadian and Mexican tariffs while they were still in effect for nearly 5 months of this year. Are those losses going to be included in the damage estimation for this second round of aid, do you know?

Mr. MCKINNEY. The formula is under review by OMB, but we have changed how that is calculated, so it is not just a 1 year look back, but it is looking back over several years. I hope so, but we will have to see what comes out of the OMB where it is currently under review.

The CHAIRMAN. Mr. Ambassador and Mr. Under Secretary, we have all been around for a while and in every Administration that I have served with, there are always differences within the Administration on policies. That is to be expected, whether it is the departments or the agencies or what is happening in the West Wing. Do you feel that our agricultural interests are being well-represented as these negotiations are taking place in the West Wing, Under Secretary, and let me refer to the Ambassador first, since your portfolio is ag?

Mr. DOUD. Absolutely. There is absolutely no question about it. You see the President referencing agriculture on a repeated basis with regard to this, and I can tell you in the building, we are constantly talking about the need to remove these barriers—

The CHAIRMAN. Notwithstanding the differences on approach?

Mr. DOUD. If we want to talk about China, the point is, we don't have access for a large majority of what we sell to China—

The CHAIRMAN. No, I agree. No one is disputing that point.

Mr. Under Secretary, my time has almost expired. Would you care to comment?

Mr. MCKINNEY. Mr. Chairman, there is no doubt in my mind the White House has our and the ag community's back, and we can see this with many Tweets. We can see this in his statements, with his actions.

Now, how we are going about it clearly is an issue, because we are in choppy waters. But if you are asking the question does the White House have our back, the answer is yes.

The CHAIRMAN. All right. I will defer under protocol to our Ranking Member for questions—

Mr. CONAWAY. Well, thank you.

The CHAIRMAN.—because, we try to follow protocol here. Mr. Peterson obviously would have taken the lead if he were here, but I will defer to you.

Mr. CONAWAY. All right. Thank you.

The CHAIRMAN. The gentleman from Texas.

Mr. CONAWAY. I appreciate it, Mr. Chairman. Thank you very much.

The Chairman and I and others just came from celebrating and memorializing the D Day efforts in France, and while there, Mr. McKinney, we met your ag rep, one Kate Snipes, and she couldn't have been more energetic on peddling U.S. wine and other products to the French. And so, she is representing you fellows really, really well.

Could you both talk to us about the consequences of not getting USMCA done?

Mr. MCKINNEY. Well, we just must get it done. I don't even want to think of the alternative, and it is not just because of its reach and its importance, USMCA we are speaking of, across three nations, that goes well beyond agriculture. I mean, our interest here is, of course, agriculture where it is just crucial. The message to the world and to those other many, many, many countries that we want to do some sort of an agreement with, would be disastrous.

That is why we are here in support of USMCA, that is why we are happy to answer and provide any information that would be of assistance to any or all of you. But Congressman, we have to get

it passed. It is the template by which we are going to model so many of the things, and not passage is just simply not an option in our point of view, sir.

Mr. CONAWAY. Gregg, anything to add to that?

Mr. DOUD. I would just simply add that we have plans to move forward in a lot of different places in the world, and if we don't get USMCA done, it halts the entire trade agenda of the entire Administration.

Mr. CONAWAY. All right. Gregg, talk to us a little bit, recently we had two separate WTO dispute settlement panels that found that China's tariff rate quotas for wheat, rice, and corn in their domestic supports for grain producers were inconsistent with their WTO commitments. Can you highlight the impact that China's ag policies have had on our producers, as well as what could be our next steps in trying to hold China's feet to the fire on their agreement?

Mr. DOUD. Yes, sir. I actually think those are two of the most significant WTO cases in history, and two of the biggest wins we have ever had at the WTO. China's subsidies in wheat and rice were extraordinary. I don't know what the number is, somewhere around \$80 billion.

Mr. CONAWAY. Well, we have been told \$100 billion a year, which dwarfs—

Mr. DOUD. And when you throw corn into that, and this case didn't even include corn, and that was a time when their support price for corn was over \$9 a bushel. Fortunately, we have won both of those cases, and in fact, we now have recently learned that China and the U.S. have notified the chair of the dispute settlement understanding that we have jointly agreed to a reasonable period of time with China to come in compliance with the AMS panel report by March 31, 2020.

Mr. CONAWAY. Right. I am sure we will have it until them for them to reset their processes. Do you think there is enough transparency in how China operates that we will know whether or not they actually keep their commitment?

Mr. DOUD. Well, this transparency issue is actually the biggest thing that we are pushing at the WTO right now in agricultural discussions. China hadn't reported what their subsidies were to the WTO until recently back to 2012, and we have enormous concerns with what is going on in India. We have issued the first ever in agriculture counter-notifications at the WTO with regard to what India's subsidies are, and that has sent a really strong message that the United States is showing leadership and is really pressing people to abide to their obligations.

Mr. CONAWAY. Gregg, for the record, can you visit with us real quickly about what the impact that China cheating on their commitments has had on world markets and U.S. producers?

Mr. DOUD. Well, it is not just for U.S. producers.

Mr. CONAWAY. Well, world markets.

Mr. DOUD. It depresses the price of these for rice and corn and wheat for farmers all over the world.

Mr. CONAWAY. All right.

Thank you, Mr. Chairman. I yield back.

The CHAIRMAN. All right, the gentleman yields back, and I will recognize the gentleman from California, Mr. Cox, for 5 minutes.

Mr. COX. Thank you, Mr. Chairman. I have a letter here from the Almond Alliance of California, requesting they receive their full \$63.3 million damage allocation assigned by the USDA for the Market Facilitation Program, and on behalf of myself, and yourself, Mr. Chairman, I ask unanimous consent for it to be submitted to the record.

The CHAIRMAN. All right, without objection, the letter will be submitted for those on behalf the California Almond Board. Thank you.

[The letter referred to is located on p. 47.]

Mr. COX. Thanks so much.

Mr. Doud, my district is actually the top producer of both almonds and dairy in the United States, and farmers from both of these commodities have naturally been hard hit by the trade war. And so, what new market opportunities for almonds and dairy can we expect to become available soon?

Mr. MCKINNEY. Who did you direct that to, sir?

Mr. COX. Ambassador Doud, please.

Mr. MCKINNEY. Okay.

Mr. DOUD. Congressman, the big thing that we can talk about here is USMCA on the dairy side. We have worked very, very hard to make progress with Canada. The ITC report says that U.S. exports of dairy products to Canada will increase by \$228 million. I think that is a sizable quantity, and another \$51 million to Mexico. That is a significant piece of progress on the dairy side right there.

Mr. COX. Well great, thanks.

And Under Secretary McKinney, during the rollout of the previous trade mitigation programs, some of the allocated Market Facilitation Program funds were left on the table, and the Agricultural Trade Promotion Program was vastly oversubscribed. And should the same events occur this time around, will unused MFP funds be reallocated to trade promotion programs?

Mr. MCKINNEY. Well, the commitment was up to \$12 billion, and we are still in the process of buying products that go into food banks and school nutrition programs. That will cascade up just a bit. I don't know if it will reach \$12 billion or not.

Your question about reallocation, I don't know. We were satisfied and pleased with the \$200 million that my mission area received for ag trade promotion. This is the 3 year, or up to 3 year, Foreign Market Development Program funds that are being rolled out now, I would add, successfully. We were delighted that here under mitigation round 2 will receive another \$100 million.

Now, let me put this in perspective. French wines in Europe have more than \$200 million in support. Our total MAP program monies each year is at \$200 million. Not a complaint. We are grateful for what we have, but it gives an illustration of the opportunity we have with this surge capacity, this ag trade promotion. And we are putting that to good use.

Now, to your earlier question, I want you to know that I suspect—I would have to go back and check—but I suspect we have more visits with the almond folks and the dairy folks than any other group of commodities across the board, and we are happy to do it. They are always insightful and we are continuing to work with them on ATP and so many other things.

I will add one other thing, because it is worth noting. I have not missed a single conversation with a single government official in all my trips without talking about these nefarious geographic indicator issues coming out of Europe. I don't know if we have made progress, I think so, and I think that is part of what USMCA helps to address with respect to Mexico.

So, just three different examples, sir.

Mr. COX. Well, thanks so much.

When Secretary Perdue was here last time, he said that the USDA was, "taking the lead in getting back the markets that ag producers here have lost due to the trade wars." Can you give us just a bit of a status update as to what you are doing to actually accomplish that task?

Mr. MCKINNEY. Yes, yes. Let me say, it is always with our colleagues with USTR and proud to do that, but yes, two or three illustrations: 2016 and prior, the norm of USDA was to have about three large ag trade mission visits per year in some part of the world. Last year, we doubled that to six. This year, despite the shutdown where we had to postpone two, we will deliver on seven, and next year, we are looking to do eight or more. That doesn't include the bilaterals where I or Gregg and I, as we have done a couple times, go in and out on a more quick basis where we speak to government officials.

I will add to you, and I mentioned in my opening comments, MAP, FMD, EMP, TASC Programs, all being utilized, in a couple places, under-utilized, the Quality Samples Program, the Emerging Markets Program. We want to encourage, and we are, people to dive into those a bit more, because some funds are being left—not a lot, but some—and we want to be fully utilizing them.

The last thing I will say is that the creation of this position allows us to be more nimble. I have a bigger team. We have people at post in the embassies in 93 areas. They are terrific people, and so to go in and out as we have been, I have been about 17 countries, 350,000 to 400,000 miles into my million-mile quest. And all of those do result because there is nothing better than simply showing up. It is true. You build trust. You build relationships. You resolve problems. And so, these are just a few of the things we are doing, sir. But I would say specific to this group, it is the use of all your terrific programs.

The CHAIRMAN. The gentleman's time has expired—

Mr. COX. Thanks so much.

The CHAIRMAN.—and the chair will now recognize the Ranking Member of the Subcommittee, Congressman Rouzer from North Carolina.

Mr. ROUZER. Thank you, Mr. Chairman. Again, I greatly appreciate our two witnesses being here today.

I want to focus in on the EU here for a minute. The Administration—and I was pleased to see this included comprehensive market access for agriculture in its negotiating objectives for a trade agreement with the EU. And of course, as you know, the EU has also recently announced its list of products for retaliation in the WTO's civil aircraft dispute. And that list includes many ag products, among them, one of our big products in North Carolina, sweet potatoes. What have been some of the difficulties for the U.S. when

dealing with European agriculture that you intend to address during these market access negotiations, and to add to that, can you commit to continuing to work on ways to address these retaliatory tariffs, and particularly our sweet potato issue? Either one of you.

Mr. DOUD. I appreciate that question, and overall with regard to agriculture, we struggle with the EU across the board in terms of their acceptance of our use predominantly of technology to grow food. That manifests itself in the fact that we have a \$15 billion trade deficit with the EU, just in agriculture alone, which is extraordinary. Across the board, the EU always comes up with a reason not to take our agricultural products, and sweet potatoes is just a great example where they have changed the MRL on fungicide, and for all intents and purposes, locked us out of the market.

I just want to give a shout-out here to Under Secretary McKinney in terms of the work that he has done at the Codex to work on MRLs, and everybody at USDA and USTR.

The EU is actively undermining our efforts at the Codex, and Under Secretary McKinney is taking them head-on in that regard.

Mr. ROUZER. Mr. Under Secretary, do you want to add to that?

Mr. MCKINNEY. We have met with your sweet potato growers, love them. My wife and I are fans, so count us in.

Ambassador Doud said it like it is. The EU has been very, very difficult. The precautionary principle has a stranglehold on the area, and we are seeing it manifested in crop after crop, livestock and poultry, all of it.

My only hope is that the case will get resolved amicably. They will realize that the WTO has made the determination, not the U.S., and that we will not get to the point that there is retaliation. And we are a ways off on that, so we are hopeful that that will get resolved. But, it points to larger issues that we are facing with our friends across the water.

Mr. ROUZER. These non-tariff trade barriers, it has been my observation in life that if you don't want something, one excuse is just as good as another. And therein is that case in point with what we are dealing with, with the EU, but also with Asia too. It seems to me we need to have some type of comprehensive strategy to deal with these non-tariff trade barriers. I am not smart enough to tell you what it is. Perhaps no one else is either, but have you given any long-term thought to this and how to deal with it?

Mr. MCKINNEY. Just a couple, and really, it comes through each and every trade negotiation, each and every interface. We talk SPS issues on every single one of my visits. And sometimes, we are successful. Sometimes it is a bit more difficult, but it is a full court press. It is a leave no stone unturned kind of strategy.

But I will say, we are making some progress. It may not seem like that now because we have so many larger countries where we are having some issues, and we will have to work through those.

But I will tell you what, back to showing up, we can work that. I will not name the country, because I don't want to embarrass them, but I was at a country, notified Ambassador Doud immediately. We tag-teamed the next week, and we are seeing great resolve. Ironically, that involved fruit from partly your state and partly our friends in California. This country was just flat denying fruit access and it was beyond the pale.

So, these are the things that we are trying to do.

I would also say, very importantly, the language in USMCA is a great template to then have those discussions. It may not quite be as easy as a cut and paste; but, it is a great start, and it is new and it is different, and we don't have it anywhere else.

Mr. ROUZER. Real quickly, Japan and beef, pork. Where are we?

Mr. DOUD. Conversations are going on as we speak.

Mr. ROUZER. Good or bad?

Mr. DOUD. It is always good when we are talking.

Mr. ROUZER. Fair enough. I yield back.

The CHAIRMAN. The gentleman yields back, and I want to underline the efforts with Japan and beef have had a storied history that I have been engaged with for the entire time I have been here, and you are doing the Lord's work there. The beef that we grow here and the excuses that the Japanese have raised in the past, are not justifiable, and stay with it.

Mr. DOUD. Mr. Chairman, I would just like to say that I cannot emphasize enough the importance of the efforts of Ambassador Lighthizer and President Trump in this regard to get to the table with Japan and get these issues resolved, and get ourselves on a level playing field with some of our competitors in that market.

The CHAIRMAN. Thank you. The next Member to be recognized is the gentlewoman from Minnesota, Congresswoman Craig.

Mrs. CRAIG. Thank you, Mr. Chairman, and thanks to both of you for being here today. I have a lot of questions for this panel, so I am going to hop right to it.

Over the weekend, the President tweeted that Mexico would begin purchases of U.S. agriculture products. There have been conflicting reports of the details of that agreement. Can you tell us today what products will be included, and at what volumes? Can you clarify the details of the agreement that the President is referring to? Mr. Doud?

Mr. DOUD. I don't have any details to that regard.

Mrs. CRAIG. Mr. McKinney?

Mr. MCKINNEY. I don't have anything to add, except we have things in line if they are serious about wanting to make some immediate purchases. We are always ready to deal, but we have to get clarification first.

Mrs. CRAIG. Is the President promising additional purchases without that being true, or does the Department of Agriculture and the Trade Representative here today just not been told yet what the President is promising?

Mr. DOUD. Well, we are going to be looking at good purchases as a result of the tariffs not going on and the section 232 tariffs coming off. If you are speaking of a net plus up, we will have to get clarification on that. But we do anticipate exactly what the President said in terms of restored, new, reinvigorated sales to Mexico. But if you are asking for a specific crop or livestock or poultry product, I don't have that at this point, ma'am.

Mrs. CRAIG. Okay. Well, that seems odd that the President has made this announcement and has yet to tell the Department of Agriculture and the Trade Representative to the United States of America. I hope we all see that as just a little odd.

In terms of China, I did a lot of work with China in the private-sector in my prior life, but every day that passes without a deal, we are losing our competitive advantage to Brazil, Australia, and others who want to take over that market share we are losing.

Looking down the road, what can our producers realistically expect in terms of reopening market access? Do you think we can make up enough access in other markets, or do you see those markets opening back up to us any time soon?

Mr. DOUD. I want to describe our situation with China a little bit, because it is very important. Yes, we do sell a lot of soybeans to China, but in the case of poultry, we haven't had any access and haven't sold China a pound of poultry since 2015, due to High-Path Avian Influenza. We now sell China a thimbleful of beef after being blocked out of the market due to BSE for 15 years. We have Codex, MRL issues with pork and ractopamine and we can't sell them pet food. Rice, dairy, animal feed, seafood, potatoes, nectarines, blueberries, barley, alfalfa, almond meal, timothy hay, we don't have access. And in fact, my biggest frustration—and we have spent hours with China talking about this—is in terms of biotech approvals. China is the only country in the world that requires that you send them the seed and they have to cultivate that seed in China before they approve the biotech trade. We know what happens once that happens. This is a frustration, and we have had, Ted and I and an enormous team at USDA and USTR have spent hours and hours and hours with China, trying to resolve these structural non-tariff trade barriers.

Mrs. CRAIG. Ambassador Doud, in your written testimony you also note that USTR is currently establishing a process to exclude certain importers from Chinese tariffs. At a briefing last week, USTR told my staff that action could require at least 50 additional employees to sort through the thousands of likely exclusion applications, and that they hoped they would be able to receive detailees from the USDA to fill some of those positions.

Under Secretary McKinney also testified at length about the work going into the second round of Market Facilitation Program payments.

You are both talking about taking resources away from the core function of your agencies, implementing the farm bill at USDA and negotiating and enforcing trade agreements at USTR, in order to offset the damage done by the President's trade policies, all while farmers and ranchers are waiting for real help.

I would be grateful if you would follow up with a written response on the work hours spent to provide exclusions from tariffs and creating Market Facilitation Program payments, and how many hours of productivity dedicated to your regular mission you may have lost.

And I appreciate both of you being here today, and Mr. Chairman, I yield back the remainder of my time.

The CHAIRMAN. The gentlewoman yields back the remainder of her time. We thank her, and the chair will now recognize the gentlewoman from Missouri, Madam Hartzler.

Mrs. HARTZLER. Thank you very much, Mr. Chairman, and thank you, gentlemen, for your timeless efforts to try to open up more trade for our ag products. We really appreciate your efforts.

I wanted to follow up a little bit on some of the comments of my colleague, and this is something I hear in my district too, regarding our negotiations with China. There is a concern that trying to hold China accountable will result in the loss of markets that we will never get back. And so, do you agree with that, and what are we doing to avoid that scenario?

Mr. MCKINNEY. Hope springs eternal. I continue to hope that the two Presidents will meet on the margins of the G20. There is no doubt that the U.S. is very important to China, and there is no doubt that China is very important to us.

I am not ready to go there yet, notably because we have had over 21 different sessions; very positive discussions. Didn't get exactly where we wanted to go. We are in a cooling off period here. We hope we get back to that table, because each country needs the other, and the world needs for this to happen. I am not going to go there yet on suggesting this is lost. I think we can get back to business.

Mrs. HARTZLER. Anything you want to add, Ambassador Doud, as far as other markets coming in?

Mr. DOUD. Well, I would simply point out that China is importing apparatuses as a state trading enterprise. And the fact that they have a unique ability to turn that switch on and off as they see fit, and part of this discussion, we have worked hard to try to maintain our ability to sell to the private-sector in China as well.

Mrs. HARTZLER. Great.

I just met with several of my farmers last week, viewing some of the flood damage and the flooding that is going on, and as you know, many farmers are not able to even get in any crops in the Midwest because of the flooding. I had some questions. I know this isn't your exact area, but on the Market Facilitation Program, I wondered if you could help out. We just have some practical questions.

Of this first tranche: I see we have \$14.5 billion that is going to be made in direct payments. How much of that is going to be in the first tranche?

Mr. MCKINNEY. They said they are dividing that up, because we hope for changes in policy. Let me start there.

Mrs. HARTZLER. Sure.

Mr. MCKINNEY. I don't know that they have an exact amount, but the first tranche will be heavier because of the immediate need.

Mrs. HARTZLER. Okay.

Mr. MCKINNEY. Beyond that, it is at the OMB—I am disallowed by law from getting the specifics. I am sorry, but as those come out, we will let you know that.

But, I want you to know that we are very sensitive to the whole additional complication of the flooding and the consistent rains.

Mrs. HARTZLER. Great, and you will probably answer the same way on these others. But when will we know the county rates for the MFP?

Mr. MCKINNEY. I don't know. In OMB.

Mrs. HARTZLER. Okay. Farmers last week were trying to make a decision between taking prevented planting and wondering about if they should try to hope that the water lets off and they will be able to plant something so that they get the Market Facilitation

Program payment, because that is only going to be on planted acres and the date was Monday to take prevent plant from the FSA, and the date is Friday for RMA. And I know there was going to be some discussion about aligning those dates. Are you aware if those dates have been done yet?

Mr. MCKINNEY. I can't answer the specific question. I can say that last night, 6:30 or 7:00, the Secretary issued a statement that tries to clarify at least a little bit, without disobeying the law. Basically, what that was is to try to encourage farmers again to make the decision based on their own right best farm, soils, conditions, *et cetera*, and it was basically a statement that says the \$3 billion that you all passed on disaster payments, and the \$16 billion—\$14.5 billion would be Market Facilitation Program. We are going to maximize as best as we can as the law allows to address these kinds of things. That is coming as quickly as we can, and we have the farmer at heart. We understand that these are different dynamics all sort of piling on each other, and we want to try to make it as flexible, but also, as easy as possible.

We have good feedback from mitigation 1 that it was a fairly simple program. Not perfect, but a fairly simple program. We want to try to keep it in that vein. Thank you.

Mrs. HARTZLER. Okay. Well, I will follow up on that, but I appreciate your efforts traveling around the world like you are. I wanted to focus on what you have been doing with the \$200 million last year and the \$100 million. You have already talked about that a little bit. You have talked about how you are seeing great results. I took some notes from your earlier questions talking about the number of trips, three last year—or you took six last year compared to normally three. Hope to have seven this year, eight next year. You talked about Emerging Markets Program funds. They are not all being used, and you called on us to maybe reach out to people back home and let them know those funds are available. You have had a trip to Colombia. Can you just expound some more now on some of your successes that you are seeing with your programs, not just trips, but actual results and new markets opening up?

Mr. MCKINNEY. Yes, I will try to do that and I will use different examples.

Last year, we took a trip to Guatemala, Honduras, and El Salvador, which we know are sending a lot of people up to our southern border, and so, I went in thinking okay, no stone unturned. I have been saying it. We are going to go down here and see what we can do. The sales from that now validated more than 12 months later set the all-time high record of an ag trade mission in the history of the Foreign Agricultural Service. I am still in disbelief.

Now, that is no disrespect to those people, but it makes a statement that though that is not a China, Canada, Mexico, Japan market, probably never will be, it does say that there is business out there if we go knock on the door, develop friendships and respect. This is the kind of thing we try to repeat.

Now to be sure, we are never going to get to the point in one visit like we have over time. But I hearken back. I am a history buff. I am a World War II history buff. Look where the southeast Asia region, notably Japan, was at the point in time of the end of World War II. Look where Germany and much of Europe was. They are

now terrific trading partners. We are working through some issues to be sure, but terrific trading partners. And that is what we are seeking to do. More than ½ of the ag trade missions every year will be to these not developing markets in the sense of third world, but markets we know but we just haven't had the funding, the energy, and the resources to go work on. And that is what we are doing.

All of these trade missions and the bilaterals also get into government to government. There are there benefits there. Again, I am not going to cite the country because I don't want to embarrass them because we are making progress, but Ambassador Doud and I teamed up on one. It was a great USDA–USTR teamwork where we are now seeing access that we had not seen for years. I mean, they were thumbing their nose to our face. It was amazing the rejections, multiply this times many, many areas, and you get something.

I will also say something about leverage. When we were in Colombia, it is pretty clear that the President's strong stand on these kinds of things, I think, is a reason why they didn't want to pursue some other retaliatory kinds of things. We will validate that in the next week or 2, but that is certainly the sense I got.

Showing up, working this, and standing tall and standing tough has, I think, seen results. We are not staying in choppy waters; we are getting through.

The CHAIRMAN. With all due respect, Mr. Under Secretary, the gentlewoman's time has expired.

Mr. MCKINNEY. I am sorry.

The CHAIRMAN. But, I appreciate your enthusiasm.

Mr. MCKINNEY. Thank you.

The CHAIRMAN. All right. The chair will now recognize the gentleman from California, Mr. Carbajal, for 5 minutes.

Mr. CARBAJAL. Thank you, Mr. Chairman, and thank you both for being here.

Mr. McKinney, agriculture remains a top industry and core part of life on the Central Coast that I represent in California, and our wine, vegetable, and berry production consistently rank among the most profitable in the nation. Retaliatory tariffs are projected to cost California fruit and nut growers over \$2 billion a year. That figure doesn't even include the losses that California livestock producers are facing, or the impact imports of foreign products have had on our markets.

What is the plan to offset these losses, specifically for California specialty crop growers? Two, should I be expecting or should I expect USDA's next mitigation package to direct funding to California specialty crop growers? And what is the long-term plan?

Mr. MCKINNEY. Well, the long-term plan, to answer your last question first, is to try to right size trade so that we have ongoing free, fair, and reciprocal access. And that is what we are trying to seek. You heard me just say that not one, but two countries, China and this other one I mentioned, have rejected a lot of the products that you just mentioned. And so, we are trying to get free, fair, and reciprocal trade. And, you are well aware of what we are trying to do there.

I would say what we are trying to do in the meantime is the mitigation program. It is not the total be all, end all, and we know that. But, we are getting feedback that says they appreciate the attempt. In mitigation 2, we have added tree nut crops into the Market Facilitation Program. It is also in the purchases program, and in my program of the Agricultural Trade Promotion, the fruit, vegetable, nut crops got a great percentage of the funds so that we can go work on new markets.

Those are some of the things that we are trying to do. Longer-term, it is clearly open new markets, and that is where we are seeing some success.

In Colombia, I brought along one of your colleagues from the Central Valley, and he pulled me aside at the reception and he said, "Thank you, thank you, thank you for bringing me here." They had enormously successful visits. I have learned later that they did consummate some sales, and so, it does not replace the size of some of these markets immediately, but we do hope that in time it will, and that is some of the feedback we get. It is a multi-pronged approach, sir.

Mr. CARBAJAL. When we consider mitigating funds for a lot of these losses throughout the country, I do hope that California continues to be at the forefront to get its fair share, which oftentimes doesn't seem to be the case.

Mr. MCKINNEY. I understand, and let me just say something. We have heard some say that there should be more fruits into the Market Facilitation Program. And yet, we also hear from many in the industry that they would rather just get it off the market through the purchases program. We try very hard and we do reach out, and they are not afraid to come in and share with us their views. We are trying to find the right best thing for each commodity group, and we have improved on that in mitigation 2. Or at least, you will see that when it all comes out, sir.

Mr. CARBAJAL. Thank you.

Mr. MCKINNEY. But if I may add one more thing, the last time we were in front of this Committee, several of you raised the question about cherries into India. I want you to know we were successful in getting cherries from California to India in mid-May. We are hoping that sustains, particularly not just now, but into June as the Pacific Northwest does that. That is a follow-up from the last meeting.

Mr. CARBAJAL. Thank you, Mr. McKinney.

Ambassador Doud, the draft USMCA agreement includes provisions to remove barriers to U.S. wine sales in British Columbia. Since this is a provincial issue for the Canadians, how would this provision be enforced by the U.S.?

Mr. DOUD. The answer to that is we have a side letter that goes into effect in November 1 on the BC wine issue, and that is already an obligation that has been made, and we expect BC to adhere to it.

Mr. CARBAJAL. Thank you. I know there are other barriers to wine sales with Canada. What other efforts are USDA or USTR undertaking to better open this market, which is essential to the Central Coast vineyards that I represent?

Mr. DOUD. Yes, there is one other wine issue that we are still working on, and in fact, we are raising that multilaterally at the WTO. We still have some work to do on that, I believe, in Ontario.

Mr. CARBAJAL. Can you touch what that issue is?

Mr. DOUD. I can't think of all the details of it right now, but it is an issue where we don't have access. It is pretty complicated with regard to how they allow the marketing of our wine up there in Ontario.

Mr. CARBAJAL. Great. I would appreciate it if you could keep my office apprised of those efforts.

Mr. DOUD. We definitely will.

Mr. CARBAJAL. Thank you so much.

Mr. DOUD. Happy to do so.

Mr. CARBAJAL. Mr. Chairman, I yield back.

The CHAIRMAN. Yes, if the gentleman would yield for a moment. Mr. Ambassador, you have talked about a lot of interaction with the WTO in your testimony and answers to questions. How would you describe your efforts with the WTO?

Mr. DOUD. It might surprise you to know that we are having a lot of conversations right now about the best way to move forward at the WTO. What we are doing with regard to India and counter-notifications is important. The two WTO cases that we won with China are important. Those are the two countries that we are focusing on here to help people understand that we have a lot of work to do in terms of transparency, in terms of helping countries understand that the expectation of the United States is to fulfill their commitments.

The CHAIRMAN. Do you think it has been successful?

Mr. DOUD. We have seen definite progress in helping people understand that the U.S. isn't the bad guy all the time.

The CHAIRMAN. Is it true that we have won over 80 percent of the cases before the WTO?

Mr. DOUD. What is that?

The CHAIRMAN. Is it true that we have been successful in over 80 percent of the cases with the WTO?

Mr. DOUD. I think that is accurate, and we are actively looking at where we can pursue additional cases.

The CHAIRMAN. Well, that is good.

The chair will now recognize our next Member, and that is Mr. Hagedorn from Minnesota.

Mr. HAGEDORN. Thank you, Mr. Chairman. I appreciate you holding this hearing.

The CHAIRMAN. The great State of Minnesota.

Mr. HAGEDORN. Thank you. Yes, it is. We invite you up any time.

Ambassador, Under Secretary, nice to see you again. We have had conversations in the past about these issues, and my message to you and to anyone in the Administration, including the President, Secretary—I have spoken to them personally—is that we appreciate the work that you are trying to do here to expand our markets, to drive down barriers. It is critically important to our farmers. They really would like to see progress across the board. We understand that China is a tough customer. Sometimes, we have to deal with what is at hand, and what is at hand right now, as we have heard 900 ag groups across the country say we need this

United States-Mexico-Canada Agreement. It is critically important. I hear that in Minnesota, not just in our southern Minnesota district, but all across. All the ag groups say the same thing. We need to get this done. The President of our Farm Bureau, Kevin Paap, is here today. He has delivered that message personally. Heck, he is here today to deliver it again.

I will tell you, we put together a letter—I did, with Congressman Emmer and Congressman Stauber recently, and we sent it to the President and to the Speaker. We said we support the agreement. It is going to be great for Minnesota, not just for agriculture, but mining, manufacturing, medical, on it goes. And we need an expeditious vote. If we can't get this agreement through and build momentum, then how do we expect to accomplish anything with China, Japan, the EU, and others? We appreciate what you are doing. Our message is keep working hard. Let's get those agreements and knock down the barriers that make that happen.

Now, you have been doing some work recently in Colombia. That is great. We are trying to expand turkey into places like Colombia and Thailand. We are working very hard. You are doing a good job, but Japan—I know beef has actually been trying to do more with pork. We appreciate that, but one country that kind of stands out to me is Taiwan. We do a lot for them. I am a big supporter of Taiwan and relations that we have with them. The United States is very generous when it comes to helping them defend their country, but they won't purchase our pork products. I happen to represent a district that is the second largest pork producer in the country, maybe after Mr. Rouzer's number one over there.

What can we do to expand our markets to that country?

Mr. DOUD. That is a topic that we talk about quite often in our office, and how do we engage with Taiwan in a proactive and productive manner? I believe there is a conversation going on here this week on that topic, and we continue to have those conversations all the time. We really need to work with Taiwan on the ractopamine issue, and it is a longstanding issue that we will continue to engage on.

Mr. HAGEDORN. A lot of our farmers, though, are in compliance with what they are looking for, and yet, we still don't have access to their markets. Again, whatever you can do to keep pushing that, and our office would be a resource to you, whatever we can do to help out.

Now, I am for free trade, open trade, reciprocal trade, whatever you want to call it, but when the other side cheats or does things to undercut U.S. interests in our companies and agribusinesses, that is not right.

Recently I testified on behalf of a company from our district, Cambria, they make fine quartz products. And the Chinese have been dumping into America trying to put them out of business. At that point, we have to step up and make sure that the Chinese are penalized for that.

Similarly, the company that just purchased Schwann's, CJ America, they have a product, a feed additive, that they are having troubles with because China is now dumping into the United States. Are you aware of that, and what types of work are you doing to try to minimize that or to even the playing field?

Mr. DOUD. Under Secretary McKinney and myself and our staffs, we have really worked on the offensive side of the ball with regard to China. I would appreciate working with you on this issue of imports coming in from China to learn more about it and work with you to see what we can do to help.

Mr. HAGEDORN. We will make this letter available to you, and Mr. Chairman, may I submit my letter that we sent to the President for the record?

The CHAIRMAN. Without objection, we will submit the letter for the record with unanimous consent.

[The letter referred to is located on p. 55.]

Mr. MCKINNEY. If I could just add one thing? Without getting into any great depth, feed additives was one topic that included a lot of time in our discussions with China, and that was really their approval of our feed additives. I, too, would like to see the specific letter. It may be we know about it, we may not. But I want you to know that was one that got a lot of attention in the discussions.

Mr. HAGEDORN. Thank you.

With that, I yield back, Mr. Chairman. Thank you.

The CHAIRMAN. All right. The gentleman yields back the balance of his time. The chair will now recognize the gentleman from California, Mr. Harder, for 5 minutes.

Mr. HARDER. Thank you, Mr. Chairman, and thank you, Under Secretary McKinney and Ambassador Doud, for your testimony. I appreciate your knowledge on the state of trade for all the agricultural products and markets in the U.S. and across the globe.

As you both mentioned in your oral statements, trade with Japan is a high priority for this Administration, and it is vitally important for our farmers. Developing a trade agreement that generates new market opportunities is critical, but I also want to make sure we don't lose sights of our current sales and what we are actually doing to increase those.

Many of my constituents see other countries who have made agreements with TPP countries gaining advantage of multilateral trade economies, and I want to make sure the U.S. is not facing economic disadvantages in such a trade deal.

I have been notified on numerous occasions about the difficulties of some of my tree nut growers and processors are having in their trade with Japan. As you might recall in the roundtable that we sat on just a couple months ago when I saw you, Mr. McKinney, I brought up the topic of tree nut trade with Japan and I am still awaiting a response on this matter. Could you or Mr. Doud please address the concerns highlighted by the tree nut industry when it comes to sampling and rejections at the Japanese ports of entry?

Mr. MCKINNEY. We are familiar with the issues we are facing in the EU, but it might be the same. Let me address that because a very capable nut industry and others are working on this.

Right now, it deals with very low, sometimes infinitesimally low levels of aflatoxin, and some countries choose to go with a lower level than Codex, and that is their right, which is why we continue to try to promote the use of the Codex MRL, which is already a very, very safe and low standard. I will have to look into the specifics again, and I am sorry if we didn't get back to you in a response. We are usually very good at doing that within a 30 day pe-

riod. If we missed that, I will take that on myself and get back to you. But just know that the whole business of residue limits, whether it is from natural causes like aflatoxins or more fictitious issues like we are seeing out of Europe where extremely low or no residues at all from pesticide use or fungicides or additives, is a growing problem, but not so much around the world because Codex is hanging tough and hanging true, and we have to keep it that way. That is what I can have to say is just we have to keep using science-based standards, not let folks have the affinity to go down to lower levels, and use them inappropriately, sir.

Mr. HARDER. Thank you, Mr. Under Secretary.

When Japan rejects a load of tree nuts, there is enormous expense at shipping it back to the U.S. What are the avenues that you think we can explore in order to address this? Like what do you think we are actually going to be able to get done so we don't have to keep shipping tree nuts back if they are rejected?

Mr. MCKINNEY. It is an enormous cost to find another home for it. I understand that. The best thing is what I said, which is get it so that it goes in first. Sometimes there are pre-certification, pre-export programs that have worked. I know with Australia on some other products we are working to keep that program alive so that the moment it leaves the ports, Long Beach or wherever it is going out of, we know it is going to be accepted at the port of entry in said country. That is another thing that we will look at, and we have seen success. There is always a cost to that and you have to calculate that in, but it is better than finding a rerouting cost that gets it from another country.

Mostly, though, we want to get science-based standards that are uniform as much as possible around the world, and that is why we are working so hard on Codex.

Mr. HARDER. Yes, Mr. Secretary, I feel like this should be a no-brainer for everybody involved, Japan and us. There is no reason that we should have farmers sending loads over that we think satisfy our criteria, but obviously don't satisfy the criteria in place in Japan, and then we end up having this happen. And I have heard a lot about growing rejections over the last year to where it has become a significant cost of doing business with Japan. If we can push for pre-inspections at Oakland or Long Beach, that would be a huge win for us. I would really appreciate it if you would keep our office apprised of any movements on this issue and let us know if we can be of help, because we have to make sure that even as we are working with a longer-term trade agreement, we are pushing for stuff to get done even in the near-term, because it is not just my district that is having loads of tree nuts that are sent back.

Mr. MCKINNEY. We will be back to you both very quickly on what we learn.

Mr. HARDER. Thank you.

Mr. Chairman, I yield back my time.

The CHAIRMAN. The gentleman yields back, and I want to note that he supported the submission of the California Almond Board letter that we adopted earlier in the hearing.

[The letter referred to is located on p. 47.]

The CHAIRMAN. And Mr. Under Secretary, for you and the Ambassador, and this is something that I always try to deal with staff. We get into Washington speak here, and as we are having this hearing, that is going across the country, it is important when we talk about Codex that it is the U.N. Food and Agricultural International Food Standards, and it is a Latin name and we get talking in Washington speak sometimes, and people wonder what the heck it means. For purposes of everyone out there to understand, Codex is this international food standards effort that has been adopted by the U.N. and it seems to be something that is a useful tool that we have standards that we can all subscribe by that protect the health of everyone who consumes these food products around the world.

Having noted that, I would like to recognize our next witness, and that is Mr. Marshall from Kansas—excuse me, our next Member. Thank you, Mr. Marshall.

Mr. MARSHALL. Thank you—

The CHAIRMAN. Great State of Kansas.

Mr. MARSHALL. Thank you, Mr. Chairman. I would like to start by submitting for the record written testimony for this hearing on behalf of Ben Scholz, President of the National Association of Wheat Growers.

The CHAIRMAN. Well, we like our wheat growers, and without any objection, we will adopt that statement with unanimous consent.

[The statement referred to is located on p. 53.]

Mr. MARSHALL. Thank you, Mr. Chairman.

The CHAIRMAN. I mean, with no objection.

Mr. MARSHALL. Thank you so much.

My first question, I will go to Under Secretary McKinney. USMCA has some huge victories for Kansas and for all of agriculture. Certainly, my top legislative priority is making sure we get USMCA across the finish line here. It is something that we can control in Congress, whereas there are other things we are not able to control. Certainly, we need to do our job.

There are great victories in here for dairy, wheat, and poultry, and my folks back home have concerns about implementing those. We kind of started answering the question, what can we do as we go forward to make sure that Canada is playing ball and following through on the spirit of this?

Mr. MCKINNEY. Well, I would first say that the agreements that Ambassador Lighthizer and USTR team developed are enforceable and we just have to follow up. More specifically, we have an A team on the ground in terms of Foreign Agricultural Service in the embassy, and we hear from them. They hear from their constituents in the U.S. It is just a matter of watching the markets to see and make sure that they comply.

But every sense I got—and we have had many discussions, both of us, with our friends in Canada, is that they fully intend to do that. I hope we don't have to look back and say oops, they didn't comply. We have a sense that they will do that.

Mr. MARSHALL. Okay. I will move on to Ambassador Doud. Let's talk about China beef and non-tariff related trade barriers that we have going on there. You have kind of alluded the ban on Hormone

Growth Promotants, and beta agonists (beta adrenergic agonists) in this, but just overall, there are just 47 percent total in tariffs now on American beef going in there. A large chunk are non-tariff. What are we doing to work on the non-tariff barriers right now?

Mr. DOUD. Well, that has been an enormous topic of conversation, as I indicated, across all. A huge number of commodities, but on the meat side of the equation, it is interesting to note that in the month of April, the latest trade data, China imported an all-time record \$1.17 billion in a month of beef, pork, and poultry. The U.S. share of that was \$36 million, and that is not because of retaliatory tariffs. It is because of non-tariff trade barriers where we just simply don't have access.

The CHAIRMAN. Excuse me, would the gentleman yield on that point?

Mr. MARSHALL. Yes, sir.

The CHAIRMAN. Question. When you say that \$36 million having been to China, and a little familiar with their efforts, does that include the gray market?

Mr. DOUD. That is—I am just citing an official trade statistic, Mr. Chairman.

The CHAIRMAN. Okay. It probably doesn't include the gray market then.

Mr. DOUD. That is a complicated answer to that question you just asked.

The CHAIRMAN. All right. I will make sure the gentleman gets the remainder of his time.

Mr. MARSHALL. Thank you.

The CHAIRMAN. Thank you for yielding.

Mr. MARSHALL. All right. I guess I will move back to follow up with Ambassador Doud again on India, and a lot of issues with wheat and subsidies going on, and the WTO just seems very, very cumbersome when we are dealing. It tends to take years as we go through this. What other steps are we doing to monitor and address India's agriculture policies that impact our ability to sell into India and other third country markets?

Mr. DOUD. I appreciate that question very much. In terms of what we are doing or what we have done with the counter-notifications to India has been very, very important development. China—excuse me, India indicated to the WTO—they reported what their subsidies were. FAS and USTR went back and looked at India's own websites. In the case of rice, we found that their subsidies to be somewhere around the neighborhood of eight times what they were allowed, and in the case of wheat, somewhere around six or seven times what they were allowed. It is curious to note in that regard with regard to rice, India is the biggest rice exporting nation on the planet because of those subsidies. We have significant concerns that India may return as a wheat exporter here coming up, and this is absolutely something that we have our eye on at USTR.

Mr. MARSHALL. Okay. I will go back to Secretary McKinney on this one.

Obviously, some preliminary discussions with the EU on a trade deal, and we are going back and forth on whether agriculture is going to be included in that or not. I recently got back on that

CODEL, as well, to France and got to visit with your counterparts there in France, and I am just curious, how high of a priority is making sure that agriculture is included in that bilateral trade agreement? Is that to USTR as well as the Secretary of Agriculture?

Mr. MCKINNEY. Well, for us, it is very important, and we are very pleased with comments we have heard from some of you that says ag is either in the deal or we don't have a deal. We are very appreciative of that.

It is frustrating because it takes two to tango, and when they just give you the old Heisman football forearm and say we are not going to deal with agriculture, it is not very rewarding. I, for one, continue to believe we must negotiate. Now, it will be arduous. It will be difficult, given the differences that have grown over the years, the precautionary principle has led to that. But we have so much more that binds us than separates us. I just don't understand why they are continuing to say that. I am advocating that we engage and get on with it.

Mr. MARSHALL. Okay, last question, if I can have one more, is we have allocated some extra dollars for the Agriculture Trade Promotion Program. How will you use them? What are we going to do with it to get our markets back?

Mr. MCKINNEY. If you are speaking of mitigation 2, thank you for the extra \$100 million. We didn't want to have all of our co-operators—all or nearly all who submitted an application in round 1, we don't want to have to have them redo that. What we are finding is ways for there to be flexibility for them to modify what they already submitted, and that is the process that is underway right now so they can modify that, leverage better, double down. Things have changed in some countries, and thus make it so that they are telling us what they see as best use of those funds, and then they match that at some level and off we go.

We are trying very hard to be flexible, sir.

Mr. MARSHALL. Thank you so much, and I yield back.

The CHAIRMAN. The gentleman yields back. To the gentleman's question, are you suggesting that possibility in the second round that there will be an augmentation to the market access programs?

Mr. MCKINNEY. I don't know if an augmentation. We know there was the \$200 million in round 1, the \$100 million in the second one.

The CHAIRMAN. If there is additional funds under specialty crops, consider that.

Mr. MCKINNEY. Well, if you wanted to do that, we of course would, our return on the investment shows that we are good stewards, but that would be your decision.

The CHAIRMAN. I think it is.

Mr. MCKINNEY. We are happy with \$300 million.

The CHAIRMAN. And let me just say there are many of us who have—and keep doing the Lord's work because European Union needs to adopt agriculture as part of the discussions on any trade negotiations, and you have strong support here in the Congress for that purpose.

As the Chair of the Transatlantic Legislators Dialogue, we are looking at maybe doing some interesting things once they get orga-

nized here this fall. It may be holding some actual Committee hearings with the European counterpart and ours, both here and in Europe, and have witnesses and really get them engaged in a way that gets beyond the politics that they have to deal with, as well as ours.

All right. The chair will now recognize the gentlewoman from Connecticut, Mrs. Hayes, for 5 minutes.

Mrs. HAYES. Thank you, Mr. Chairman, for holding this critical hearing, and thank you to Mr. McKinney and Mr. Doud for being here today.

It is fitting that we are having this hearing during National Dairy Month. The importance of the dairy industry cannot be understated, and the dairy industry is one that is extremely important to me.

In my home State of Connecticut, the dairy industry provides nearly 3,000 jobs and has an economic impact of over \$900 million. And my district, Connecticut 5, doesn't seem like it would be a dairy district, but it is home to many small family-owned businesses. These farms are small but mighty, representing a large portion of the state's farmland and providing pastoral landscape, scenic vistas, and a wealth of rural characters to our local communities. They are staples in the community, producing everything from ice cream to the milk that makes Cabot cheese.

However, this is a difficult business to be in, as I have heard from many of the farmers in my district. From perpetually low dairy prices to national and global economic changes, there is a lot of pressure on my local farmers. And to make matters worse, Connecticut dairy farmers were caught in the middle of this trade war. Then they were let down again by the Federal Trade Mitigation Program payments that they were promised, and some farm owners received as little as \$50 in aid.

Of the \$4.7 billion allocated for the first round of trade mitigation payments, only \$127 million was set aside for dairy farmers. Of that \$127 million, payments to all Connecticut farmers totaled a mere \$121,798. One dairy farmer in my district who owns about 300 cows on her farm received \$3,918 in mitigation payments. That is less than 12¢ per hundredweight of milk.

Even though the Canadian and Mexican tariffs are off, dairy farmers are still feeling the burden of the first 12 months of the year, and it does not seem like those damages are taken into account when mitigation payments are made. And while second and third rounds of these payments are either in progress or upcoming, they have not been timely and continue to treat dairy farmers as a low priority. This lack of aid is especially alarming in a state like Connecticut where the cost of production is extremely high and could even exceed the price they are getting in return for their products.

Given the importance of dairy both in Connecticut and across the country, and the difficult situation we are in, I would like to ask some questions on what the USDA and USTR are doing to help. And I am glad my colleagues spoke of mitigation, so my first question I guess is to Mr. McKinney. Businesses made strategic investments to serve specific markets with specific products. Dairy exports and businesses are not positioned to redirect products some-

place else overnight. Did your mitigation estimates consider value lost by those companies that kept exporting but paid the tariffs themselves?

Mr. MCKINNEY. I don't know, but I will look into that.

The question you are raising, though, and I hope you can send me the data. I caught some of that, because I want to look into that.

The first round of mitigation was to be a band-aid, to *tide over*, if I could use that word, and the calculations were based on economic modeling. If there were some that didn't quite get that, it was largely based on the counter-tariffs by China.

The mitigation 2 is under a different formula, and so, we hope that that will help address at least in part some of the concerns that you are raising on behalf of your dairy producers.

I would also add that we are getting very good feedback on the Dairy Margin Protection Program that was passed in the farm bill that is on its way toward implementation. At least, that is what I am hearing. And so, I want to make sure that you add to that and we would love your thoughts on that as well.

Mrs. HAYES. Well, I appreciate your honesty on the answer. I will make sure you get that information so that you can have an answer to bring back to my constituents.

Mr. MCKINNEY. I would like to look into that.

I think Ambassador Doud has a comment.

Mr. DOUD. The way I would answer your question is the best thing we can do is pass USMCA. We have \$228 million in new market access into Canada for dairy, and your Connecticut producers will benefit significantly from that. And that includes, I think you mentioned, ice cream. We have new U.S. specific tariff rate quotas for all kinds of dairy products, including ice cream into that. The best thing we can do for these producers is provide new marketing opportunities, and that is precisely what we have done in really an unprecedented fashion with USMCA and dairy into Canada.

Mrs. HAYES. Thank you. I will make sure you get this information, because that kind of opened the door for what would have been my next question if I hadn't run out of time. It is the availability of markets and open markets, and that is what I hear a lot of from these farmers. It doesn't matter what you are producing if you don't have a place to sell it.

I look forward to hearing back from you, and I will get that information to you.

Thank you, Mr. Chairman. I yield back.

The CHAIRMAN. The gentlewoman yields back, and certainly is able to submit any other further questions you have to our witnesses, and we always expect a timely response from them on the questions that are submitted by Members of the Committee.

We thank you for your participation, and I will recognize the gentleman from Pennsylvania, Congressman Thompson.

Mr. THOMPSON. Mr. Chairman, thank you very much. Gentlemen, thank you for being here. Thanks for your leadership and your service.

Dairy is an industry that has been hurting, but as you look at the financials on that, we need to work on the trade and I appre-

ciate what you are doing on that. That will be what my questions really focus in on, but just a statement of the fact that you are looking at the financial demise of the dairy industry that started in 2010 when not this Committee, but the Education and Labor Committee, demonized milk fat and we took flavor and nutrition out of our schools. Kids didn't drink it, so consumption went down ten percent in the first year, and it tracks with the demise of the dairy industry financials.

That said, though, we need a robust—and we are working to fix that. Whole Milk for Healthy Kids, it is a good bill, great bill, and would restore those options.

But we also need to look at trade. I do think that one of the most important things we can do for our farmers is approval of the United States-Mexico-Canada Trade Agreement. Our two biggest trading partners are Canada and Mexico, and I appreciate what you are doing with the other countries. We need to look at all possible markets, but this legislative body has a responsibility to get that approved and in a timely manner.

I really appreciate the fact that the President and you folks held out to the end on that with one of the key remaining issues being dairy, that you got a commitment to eliminate the Class VI, Class VII. My first question really has to do with the implications of that, not just for sales into being able to export into Canada, but my understanding is there are some other third world countries that Canada was sort of dominating that we now will open market—once we get this, we do our part as Congress. We approve this trade agreement. It will open up for our dairy farmers as well.

Mr. DOUD. I appreciate your question. That was the discussion with Canada is if you are going to have a supply management system, that means you have to manage your supply. That means that you cannot externalize the cost of your supply management system by disposing of skim milk powder and other types of nonfat solids in third country markets. And we spent a lot of time trying to figure out, and the discussion was back and forth and with the experts at USDA, tremendous help from USDA and everybody in our government, ITC, *et cetera*, trying to figure out how to do this in a way that made sure that Canada kept its supply management system in Canada. Through all the different things that we have in this agreement, I think we did a very, very good job of making sure that we will be able to do that in the future.

Mr. THOMPSON. Yes, you did, and I appreciate that fact.

I know my colleagues will join me in calling on Speaker Pelosi to just give us an opportunity to vote on the agreement. I think it would pass, and heavy lifting has been done, and we need the opportunity to get it ratified.

My second question really is a little bit different. Different commodities. Obviously, I read a lot every day—I actually listen to kind of market analysis every day, read that on the implications of the African swine fever virus in China, and any thoughts of opportunities or threats to U.S. hogs and soybeans given that? I know we have to work some trade issues out, but kind of looking at your perspective on the impact on our American soybean growers and our American hog farmers.

Mr. MCKINNEY. Sure, I will take that.

First, our hearts go out to our friends over there. We wouldn't wish African swine fever on anyone, notwithstanding the issues we have with China. That is just not something we would do.

We are working both sides. My colleague in the marketing and regulatory programs, Under Secretary Ibach, who has APHIS under his tutelage is looking at all the defensive measures. We have added 70+ dog sniffing teams in airports, mostly at points of entry from China and Asia Pacific, so that is underway. Canada has added 30+ or is in the process. There are discussions with all of the protein intake companies, the large ones and small ones alike, to make sure that whatever might be coming in from China is determined as safe, or may be disallowed. And so, those are ongoing. And I have to say that a wonderful conference on African swine fever took place in Ottawa. That was agreed to by Secretary Perdue. Then Minister MacAulay of Ag in Canada and the Mexicans, and they brought people from all over the world. It was a lot of work on the defense side.

On the other side, though, we are happy to provide pork and pork is flowing to China. And we are glad for that. We hope that we can supply as much as they need. We will have to see. But, China is diversifying their supplies, and so, they are looking for sources from all over, partly because they have to. And I will remind you that we believe—there is a guess that it is about $\frac{1}{3}$ of their pork population is gone because of swine fever. It may be higher.

Mr. THOMPSON. Right.

Mr. MCKINNEY. One-third of their pork population is our entire herd in the U.S., so it indicates the size of that market and pork is a basic tenet of their diet. We are trying to be good stewards, provide them with what they want, work with them as we can on tariffs given this period that we are in, but so far, it is going well and we want to be as helpful as we can so that we don't see that spread, because it is spreading.

Mr. THOMPSON. I guess we need to anticipate where those hogs will be raised to fill that void. I have heard it could be up to 60 percent perhaps by the end of the year that would die, and hopefully developing those markets for our soybeans growers as well.

Mr. MCKINNEY. Correct. We work very closely with USEC, the U.S. Soybean Export Council, among other protein suppliers, and we are looking. They have been going, as we have, to other new markets because there will be a bit less—not quite as much as many are saying—but there would be a bit less protein intake, just because the people aren't there to purchase.

The CHAIRMAN. Yes, Mr. Secretary, the Chairman has been very generous with everybody's time, including your time.

Mr. THOMPSON. You are always generous. What can I say?

The CHAIRMAN. I try to be, but the time has expired for the gentleman from Pennsylvania, and I am sure there are more places for that pork production to take place in Pennsylvania, and elsewhere.

But the chair will now recognize the gentleman from the great State of California and the beautiful Central Coast that he represents, Congressman Panetta.

Mr. PANETTA. Thank you, Mr. Chairman. I appreciate this opportunity to have this hearing.

Gentlemen, welcome. Thank you for your time. Thank you for your preparation for being here, and of course, all your service to this country. I appreciate what you guys are doing.

As many people here in this room know, and you may not know, I come from the site you heard, Central Coast of California, also known as the Salad Bowl of the world, dealing with a lot of fresh fruits and vegetables. That is pretty much all we got. Therefore, when we deal with trade, one of the biggest issues is the sanitary phytosanitary measures that can be imposed by some countries, sometimes indiscriminately. And I was wondering, Ambassador Doud, what you can do to make sure that trade decisions around these types of products, those types of decisions are based on sound science? And I know that USMCA kind of hits on that as well and focuses on that. Go into a little bit about that, if you could?

Mr. DOUD. Well, in terms of USMCA where we have really focused on that is in terms of biotechnology, and that we know if we are going to expand our ability to grow food to feed nine billion people by 2050, our ability to do that hinges on our ability to use technology.

Mr. PANETTA. Yes.

Mr. DOUD. And we have these conversations all around the world all the time, very much appreciate having Under Secretary McKinney now at USDA working on, again, we have talked about Codex issues, and having the use of maximum residue levels for products all around the world that are internationally accepted. This is a critical component, and we have to work with all of our trading partners to get countries to adhere to what those international guidelines are.

Mr. PANETTA. Fair enough, fair enough. Thank you.

In regards to the tariffs that we have heard about, especially the \$200 billion worth of goods known as List 3 from China, is there going to be some sort of exclusion process for List 3? Can you explain that?

Mr. DOUD. Well, I believe on the first tranche there, the comment period just ended on that, and I believe discussions are ongoing here and comments are currently being accepted with regard to the potential for a next tranche.

Mr. PANETTA. Understood, okay.

Moving on to Japan, talk to me quickly, how are negotiations progressing there?

Mr. DOUD. They are ongoing as we speak, sir.

Mr. PANETTA. Okay. All right, and thumbs up, how are they progressing? Can you—

Mr. DOUD. I am not going—

Mr. PANETTA. Are you just going to leave it at that?

Mr. DOUD. I am not going to characterize that in public, but it is really important that we work very hard on that topic.

Mr. PANETTA. Fair enough.

In regards to the tariff process, or at least the threats or the imposition of certain process, would you say that the process has been sufficient in regards to bringing other agencies in to that decision-making process, such as the USDA? Have they been consulted on these types of decisions from the Administration?

Mr. DOUD. There have been a lot of people involved in those conversations.

Mr. PANETTA. And has the USDA been consulted in those conversations?

Mr. MCKINNEY. We talk frequently, every week, as our people do, yes. We are interlocked like you would hope we would be.

Mr. PANETTA. Okay, fair enough. Fair enough.

Let me just tell you, I am also on the Ways and Means Committee, and we are working on USMCA and I can tell you that Ambassador Lighthizer has been a presence up here, actually a very pleasant presence, to be frank. He has worked his tail off in order to make sure that bill moves forward and that trade agreement moves forward.

Obviously, you understand the issues better than most people in this room when it comes down to labor and when it comes down to enforcement, when it comes down to the environment, when it comes down to biologics and the exclusivity out of Canada. These are issues we are trying to work on, and we hope to work on, because there are people on both sides of the aisle that do want to get to a yes; please understand that.

Obviously, we have a ways to go, but what doesn't help is when there are certain threats out of the Administration, such as basically blowing up NAFTA. And so, I got to pose this to you. If we don't pass the USMCA, would you agree to basically get rid of NAFTA as the President has stated?

Mr. DOUD. Sir, I want to answer the question this way. When we entered into these negotiations, the clear mandate from the 965 entities that just signed the letter in favor of USMCA from this body and others was—and in terms of agriculture, do no harm.

Mr. PANETTA. Yes, understood.

Mr. DOUD. And we have done that. And, in fact, if you look at agriculture and USMCA or across the board, the deal is as good as it was in NAFTA, the same as NAFTA, or better in every single aspect of our economy.

Mr. PANETTA. Therefore, you would not want to blow up NAFTA, correct?

Mr. DOUD. I want to pass USMCA, sir. That is why it is critical that we get that job done.

Mr. PANETTA. Understood.

My time has expired again. Gentlemen, thank you.

The CHAIRMAN. The gentleman's time has expired, and we appreciate his presence always.

Mr. PANETTA. Thanks, Mr. Chairman.

The CHAIRMAN. And the chair will now defer to the Ranking Member for his closing comments.

Mr. ROUZER. Well thank you, Mr. Chairman. I want to thank our two distinguished witnesses for being here this morning. It has been a very constructive hearing.

I want to stress the importance—and it has been talked about a number of different times here—the importance of getting USMCA ratified. We have to get that done. I particularly want to thank both of you, particularly you, Gregg, for your great work in negotiating on this deal, particularly the inclusion of dairy. I remember a meeting at the White House several months back where this

topic was raised, and you guys came though. I really, really appreciate your help and support in that regard.

And of course, both of you know the specific issues of my state, and I won't belabor that. I appreciate your efforts there.

And then one final thing, Mr. Chairman, I want to mention, that is just as important as trade, and just my editorial comment. We have to get something done for our farmers so that they can get workers. One of the big issues that we deal with day in and day out, every employer tells me they can't find a quality workforce that they need, really having a hard time getting labor. And it is especially acute—and it always has been; but, more so now than ever before. It is especially acute for agriculture. We have folks coming across the border through a variety of means, but yet, through the legal H-2A channel, they are stuck over there for 7 weeks, 8 weeks, 9 weeks delayed, and our farmers can't get their crops out of the fields.

Anyhow, that is just my editorial comment, and it is just imperative we focus a lot of attention on that as well as in addition to all the other great responsibilities that you have. I know that is not specifically under your purview, but to the degree you can stress with everybody and anybody that you know, we have get this labor issue fixed. Congress has not done its job either, but it is a really critical issue.

I yield back. Thank you, Mr. Chairman.

The CHAIRMAN. The gentleman yields back, and the chair always appreciates the Ranking Member's constructive efforts as it relates to our Subcommittee's efforts.

The chair also wants to thank our two witnesses today, the Under Secretary and the Ambassador. You have ably made your case and have answered the questions as best you can. The fact of the matter is, is that I think we all want to see success in achieving the goals of good trade agreements on behalf of American agriculture. Clearly, there is no difference on that point or separation. We know the challenges that we have and the efforts that have gone in negotiating with both Mexico and Canada, and we know what outstanding issues are still out there, and hopefully we will be able to resolve them to bring up the measures so that we can do what is in the best interest of our entire country. And that is to have a fair, level playing field as it relates to our ability to trade American agricultural products with our neighbors to the south and to the north.

China, of course, continues to be a vexing issue, and we know that there are other issues that are more challenging than the agricultural elements that we discussed here today, that are part of a larger overall agreement, because China has been a bad actor and their lack of compliance with the WTO is well-known. I was pleased to hear the Ambassador indicate that the WTO has been a successful entity in negotiating a host of disputes that we have had over the years. I believe it is, and we need to make our negotiations to continue the WTO's efforts.

Let me just close by saying that our goals are the same. We have differences as it relates to how we get there in terms of our strategies, but our goals, I believe, are the same and maintaining predictability and civility in this effort, as the two of you have dem-

onstrated this morning, is the key. We can agree to disagree on various factors, but as long as we are predictable and civil in our case and the enthusiasm that the Under Secretary always exudes, it takes us a long way in terms of achieving those goals.

This Subcommittee will continue to perform its oversight and work with all of the parties on a bipartisan effort to try to ensure that, in fact, we can be successful on behalf of American agriculture.

With that, the Subcommittee is now adjourned. Under the Rules of the Committee, the record of today's hearing will remain open for 10 calendar days to receive any additional material and supplementary written responses from witnesses to any questions posed by the Members, and if I don't say those magic words, the staff really gets upset with me. I have now covered my base and the Subcommittee is now adjourned.

[Whereupon, at 12:03 p.m., the Subcommittee was adjourned.]

[Material submitted for inclusion in the record follows:]

JOINT SUBMITTED LETTER BY HON. TJ COX, A REPRESENTATIVE IN CONGRESS FROM CALIFORNIA; HON. JOSH HARDER, A REPRESENTATIVE IN CONGRESS FROM CALIFORNIA

June 10, 2019

Hon. TJ COX,
Member of Congress,
Washington, D.C.

Dear Congressman Cox,

We request your support in helping the California almond industry receive its full \$63.3 million damage allocation assigned by USDA for the Market Facilitation Program.

As you know, California almond exports to the world were valued at \$4.5 billion in 2017, contributing substantially to the agricultural trade surplus that U.S. farmers and ranchers deliver to the U.S. economy each year. Almonds are one of California's top three valued commodities and the leading agriculture export. Unfortunately, since the imposition of retaliatory tariffs in spring 2018, almonds have been targeted by several key trading partners, and *continue to face* additional retaliatory duties in both China and Turkey. We can only anticipate what the outcome will be in India, which is also considering retaliatory tariffs resulting from withdrawal of their GSP status. The damage California almond growers have endured and continue to face is considerable and very troubling. This uncertainty does not take into consideration the further non-tariff implications which are more difficult to quantify.

The prolonged disruption in trade has hurt our industry. Since April 2018, tariffs in China on almond kernels/inshell have increased from 10% to 50%. With China's latest announcement, tariffs on processed/roasted almonds have increased to 15% and 30%. California almond exports to China/Hong Kong for FY 18/19 YTD (Aug. 2018–April 2019) are down by 33 percent from the same time last year—a direct result of these tariffs. If we look specifically at **direct China shipments** for the first quarter of 2019 (Jan.–March), ***we are at about 60% of what we shipped in the first quarter of 2018.*** Importantly, the value is down \$0.20 per pound.

Meanwhile, Australia has taken full advantage of the 0% tariff under their FTA with China, increasing their 11 month almond exports into China by almost 2,000 percent. ***These retaliatory tariffs have impacted California's market share of almonds in China directly and the new market potential.*** Our industry takes a long-term view to market development; as such, we have invested about \$74 million in China over the last 10 years to create demand for almonds—an investment that Australia is now leveraging.

In July of 2018, the California almond industry was awarded \$63.3 million in retaliatory tariff mitigation program through the Market Facilitation Program (MFP). In response, we mobilized to take full advantage of this program and successfully facilitated five workshops statewide in conjunction with Farm Service Agency (FSA) to roll out this program, solicit applications and close enrollment all within a 6 month period. This was extremely challenging, since most almond growers have not received direct payments in the past, necessitating they establish farm records with FSA which was also a time-consuming process. This was also at the time of the government shutdown, which further delayed submissions and review as FSA offices dug out of their respective backlogs.

The majority of almond growers were eliminated by the USDA's average gross income (AGI) limitations; only some of the smaller growers felt they would receive some benefits, and pursued enrollment in a new program to the California almond industry. Based on the last numbers from the California Farm Service Agency Director, there are approximately 2,500 loaded applications, with estimated payments at \$14.5 million. I understand there are still applications that need to be loaded.

The payment limit of \$0.03 per pound was a significant barrier which prevented our industry from accessing the entire \$63.3 million designated for the California almond industry in trade damages. In November of last year, the Almond Alliance submitted a letter requesting \$0.20 per pound direct payment to fully distribute the mitigation damages. While this request was denied, we believe that amount should be closer to \$0.35 per pound given the prolonged trade disruption, increasing retaliatory tariffs and the loss of market potential in key markets. As noted above, we know that the per pound value of direct shipments to China are already lower than \$0.20. Handlers have indicated that growers will experience even further reductions in their payments as the global market uncertainty persists.

It is important to note that 70% of the 6,800 growers of almonds are farming 100 acres or less. These small family farms are being penalized for growing a high value, ***higher cost*** crop, and have therefore been unable to access the full \$63.3 million of damages as a result of the AGI limitation which is geared to lower valued

commodities. ***We are requesting that the balance of approximately \$48.8 million be rolled into the next direct payment program so the industry can access the entire amount of designated damages for the 2018 crop in 2019.*** These funds should be in addition to the 2019 trade mitigation damages.

As you know, the Almond Alliance is a trade association which advocates on behalf of the almond industry. We want to reiterate that approximately 91% of almond growers are family farms which are striving to stay competitive in an increasingly difficult trade environment. The California almond industry generates about 104,000 jobs statewide, over 97,000 in the Central Valley, especially in areas that suffer from chronic unemployment. The industry also generates more than \$21 billion in economic revenue and directly creates more than \$11 billion to the size of the state's total economy.

The focus of the California almond industry is on trade and market growth, as an industry we have worked hard over the last 30 years to develop strong international commercial partnerships and new markets. The current trade environment is putting these investments at risk, and have negatively impacted our industry. While direct payments are not the ideal solution, they will assist those that have been negatively impacted by the price-reduction effects resulting from the retaliatory tariffs and allow them to continue to operate in these uncertain times.

Please let me know if you have any questions or would like additional information. I can be reached on my cell phone at [Redacted]. Thank you.

Respectfully submitted,


ELAINE TREVINO,
President/CEO.

SUBMITTED LETTER BY HON. DAVID ROUZER, A REPRESENTATIVE IN CONGRESS FROM
NORTH CAROLINA

A Letter from U.S. Food and Agriculture Associations and Companies

June 11, 2019

Hon. NANCY PELOSI,
Speaker,
U.S. House of Representatives,
Washington, D.C.;

Hon. MITCH MCCONNELL,
Majority Leader,
U.S. Senate,
Washington, D.C.;

Hon. KEVIN MCCARTHY,
Minority Leader,
U.S. House of Representatives,
Washington, D.C.;

Hon. CHARLES D. SCHUMER,
Minority Leader,
U.S. Senate,
Washington, D.C.

Dear Speaker Pelosi, Minority Leader McCarthy, Majority Leader McConnell, and Minority Leader Schumer,

We, the undersigned organizations representing all segments of the U.S. food and agriculture value chain at the national, state and local levels, write to urge your strong support for swift ratification of the U.S.-Mexico-Canada Agreement (USMCA). USMCA will benefit the U.S. agriculture and food industry while providing consumers a more abundant supply of high-quality, safe food at affordable prices.

Over the last 25 years, U.S. food and agricultural exports to Canada and Mexico have more than quadrupled under NAFTA—growing from \$9 billion in 1993 to nearly \$40 billion in 2018. NAFTA has significantly helped create a reliable, high-quality supply of food products for U.S. consumers, while supporting more than 900,000 American jobs in food and agriculture and related sectors of the economy. USMCA builds on the success of the NAFTA agreement, and will ultimately lead to freer markets and fairer trade. This modernized trade agreement makes improvements to further enhance U.S. food and agricultural exports to our neighbors and would deliver an additional \$2.2 billion in U.S. economic activity.

The International Trade Commission's new report, the *United States-Mexico-Canada Agreement: Likely Impact on the U.S. Economy and Specific Industry Sectors*, confirms that the USMCA will improve market access for U.S. farmers, ranchers and food producers. The report states that USMCA would have "a positive impact on the U.S. agriculture sector." Furthermore, it "would likely have a positive impact on all broad industry sectors within the U.S. economy", raising U.S. GDP by \$68.2

billion. USMCA further strengthens U.S. food and agricultural trade by enhancing standards for biotechnology; reducing the use of trade distorting policies; establishing modern, science-based sanitary and phytosanitary standards; reinforcing disciplines for science-based SPS measures; improving grading standards and services; facilitating the marketing of food and agricultural products; and strengthening safeguards for commonly used food names. These advances help provide certainty in the North American market, which is essential to the success of American agriculture and retailers.

Given the significance of USMCA for the U.S. agriculture and food industry, we strongly urge that it be considered quickly, and we respectfully ask you to vote to ratify the agreement.

Sincerely,

21st Century Co-op
 Abbott
 Adams County Farm Bureau, Illinois
 Advance Trading Inc.
 Advanced Process Technology
 Ag Partners—MN
 Ag Partners, LLC—IA
 Ag Power Inc.
 Ag Processing, Inc.
 Ag Service Incorporated
 Ag Supply Co.
 Ag Valley Cooperative
 Ag View FS, Inc.
 AgCredit, ACA
 Ag-Land FS, Inc.
 AgMark, LLC
 AgMotion
 Agniel Commodities LLC
 Agrex, Inc.
 Agri Beef Company
 Agri Networks Management LLC
 Agribank, FCB
 Agribusiness Association of Iowa
 Agribusiness Council of Indiana
 Agriscienter International
 Agrisor, Inc.
 Agricultural Council of Arkansas
 Agricultural Council of California
 Agricultural Retailers Association
 Agri-Mark/Cabot Cheese
 AGRI-SEARCH
 AGrowStar
 Agtegra Cooperative
 AgVantage FS
 Alabama Cotton Commission
 Alabama Farmers Cooperative, Inc.
 Alabama Farmers Federation
 Alabama Southern Railroad
 Alabama Warrior Railroad
 Alaska Farm Bureau
 Albany County Farm Bureau, New York
 Al-CORN Clean Fuel
 All American Co-op
 All Star Purchasing
 Allegan County Farm Bureau, Michigan
 Alliance Ag and Grain
 Alliance Grain Co.
 Alpena Coop Service
 Alter Logistics Company
 Alter River Terminals
 Amcot
 American AgCredit
 American Bakers Association
 American Beverage Association
 American Cotton Producers of the National Cotton Council
 American Cotton Shippers Association
 American Dairy Products Institute
 American Farm Bureau Federation
 American Feed Industry Association
 American Frozen Food Institute
 American Milling
 American Seed Trade Association
 American Soybean Association
 American Sugar Alliance
 Ampco
 Anderson County Farm Bureau, Kansas
 Animal Health Institute
 Ann Arbor Railroad
 Antrim County Farm Bureau, Michigan
 APT
 Archer Daniels Midland Company
 Arenac County Farm Bureau, Michigan
 Arizona Cotton Ginners Association
 Arizona Cotton Growers Association
 Arizona Farm Bureau
 Arizona Grain, Inc.
 Arizona Pork Council
 Arkansas Farm Bureau
 Arkansas Southern Railroad
 Arkansas Valley Farmers Association
 Assaria Ag Inc.
 Associated Milk Producers, Inc.
 Atchison County Farm Bureau, Kansas
 Attlebury Grain, LLC
 Aurora Cooperative
 Aurora Organic Dairy
 Austin Western Railroad
 Autauga Northern Railroad
 Legacy Grain Cooperative
 Lenawee County Farm Bureau, Michigan
 Leprino Foods Company
 Limaco, Inc.
 Linn & Associates
 Livingston County Farm Bureau, Michigan
 Livingston County Farm Bureau, New York
 Logan County Farm Bureau, Kansas
 London Agricultural Commodities Inc.
 Lortscher Agri Service Inc.
 Louisiana Cotton and Grain Association
 Louisiana Farm Bureau Federation
 Louisiana Independent Warehouse Association
 Louisiana Pork Producers Association
 Louisiana Southern Railroad
 Lowe's Pellets & Grain, Inc.
 Lubbock and Western Railroad
 Lulllow Co-op Elevator
 Lydie Soybeans Inc.
 Lyon County Farm Bureau, Kansas
 M and M Service Company
 Mac-Luce Schoolcraft County Farm Bureau, Michigan
 Macomb County Farm Bureau, Michigan
 Macon County Farm Bureau, Illinois
 Madison County Farm Bureau, Illinois
 Madison County Farm Bureau, New York
 Malsam Company
 Maplehurst Farms, Inc.
 Maricopa County Farm Bureau, Arizona
 Marion County Farm Bureau, Illinois
 Mars, Incorporated
 Marshall County Farm Bureau, Kansas
 Maryland & Virginia Milk Producers Cooperative Association, Inc.
 Mason County Farm Bureau, Illinois
 Mason County Farm Bureau, Michigan
 Masterleo & Associates
 Masters Gallery Foods, Inc.
 Max Ag
 MaxYield Cooperative
 McCullough Grain
 McDonald Pelz
 McDonough County Farm Bureau, Illinois
 McHenry County Farm Bureau, Illinois
 McNabb Grain Company
 McPherson County Farm Bureau, Kansas
 MCT Dairies, Inc.
 Meat Import Council of America
 Mecosta County Farm Bureau, Michigan
 Menard County Farm Bureau, Illinois
 Menominee County Farm Bureau, Michigan
 Mercer County Farm Bureau, Illinois
 Mercer Landmark
 Merck Animal Health
 MFA Incorporated
 Miscell Dairy
 Michigan Agri-Business Association
 Michigan Agricultural Commodities
 Michigan Apple Association
 Michigan Bean Shippers
 Michigan Corn Growers Association
 Michigan Farm Bureau
 Michigan Milk Producers Association
 Michigan Pork Producers Association
 Michigan Soybean Association
 Micropure Filtration Inc.
 Mid America Pet Food
 Mid-Atlantic Farm Credit
 Midland County Farm Bureau, Michigan
 Midsouth Grain Association
 Midsouth Grain Inspection Service
 Midwest AgEnergy
 Midwest Farmers Cooperative
 Midwest Food Products Association
 Midwest Grain LLC
 Milko, Inc.
 Milo Ag
 Minneapolis Grain Exchange, Inc.
 Minnesota AgriGrowth Council
 Minnesota Corn Growers Association
 Minnesota Farm Bureau
 Minnesota Grain & Feed Association
 Minnesota Milk
 Minnesota Pork Producers Association
 Minn-Kota Ag Products Inc.
 Missaukee County Farm Bureau, Michigan
 Mission Mountain Railroad
 Mission Produce Inc.
 Mississippi Farm Bureau

Autauga Quality Cotton Association
 Baker Cheese Factory, Inc.
 Barber County Farm Bureau, Kansas
 Barrett, Easterday, Cunningham, & Eselgroth, LLP
 Barry County Farm Bureau, Michigan
 Bartlett Grain
 Barton County Farm Bureau, Kansas
 Baton Rouge Southern Railroad
 Bay County Farm Bureau, Michigan
 Bayer
 Beachner Grain, Inc.
 Belgioioso Cheese Inc.
 Benchmarks Inc.
 Benzie-Manistee County Farm Bureau, Michigan
 Berrien County Farm Bureau, Michigan
 Berryman and Associates
 Bimbo Bakeries
 Birmingham Southern Railroad
 Blackland Cotton and Grain Producers, Inc.
 Blue Bell Creameries
 Blue Diamond Almonds
 Blue Ridge Southern Railroad
 Bluegrass Dairy and Food
 BNSF
 Boehringer Ingelheim Animal Health
 Bogalusa Bayou Railroad
 Boswell Chase Grain, Inc.
 Bourdeau Bros Inc.
 Boyce Valley Southern Railroad
 Branch County Farm Bureau, Michigan
 Brewster Cheese Company
 Brown County Farm Bureau, Kansas
 Buchheit Agriculture
 Bunge
 Butler County Farm Bureau, Kansas
 Byrum Hardwares
 Calcot Ltd.
 Caledonia Farmers Elevator
 Calhoun County Farm Bureau, Michigan
 California Apple Commission
 California Association of Winegrape Growers
 California Bean Shippers Association
 California Blueberry Commission
 California Canning Peach Association
 California Cherry Export Association
 California Cherry Export Council
 California Cotton Ginners and Growers Association
 California Dairies, Inc.
 California Date Commission
 California Dried Plum Board
 California Farm Bureau Federation
 California Fig Advisory Board
 California Grain and Feed Association
 California Pear Growers Association
 California Pork Producers Association
 California Rice Commission
 California Seed Association
 California Strawberry Commission
 California Walnut Commission
 California Warehouse Association
 California Wheat Association
 Camp Douglas Farmers Co-op
 Cargill Incorporated
 Carolinas Cotton Growers Cooperative
 Carroll County Farm Bureau, Illinois
 Carroll Service Company
 Cass County Farm Bureau, Michigan
 Cass-Morgan Farm Bureau, Illinois
 Cayuga Milk Ingredients
 Centennial Grain LLC
 Center for Dairy Excellence
 Centerra Co-op
 Central Commodities Ltd.
 Central Farm Service Cooperative
 Central Life Sciences
 Central Missouri AGRIServe LLC
 Central Prairie Co-op
 Central Valley Ag
 Central Valley Meat Company
 Ceres Solutions Cooperative, Inc.
 CereServ Inc.
 CGB
 Chandler Co-op
 Charlevoix County Farm Bureau, Michigan
 Chautauqua County Farm Bureau, New York
 Cheboygan County Farm Bureau, Michigan
 Chenango County Farm Bureau, New York
 Cherokee County Farm Bureau, Kansas
 Chippewa County Farm Bureau, Michigan
 Chr. Hansen, Inc.
 CHS-OK-Okarche, OK
 CHS, Inc.
 Cicero Central Railroad
 Clare County Farm Bureau, Michigan
 Clark County Farm Bureau, Illinois
 Clay County Co-op
 Clay County Farm Bureau, Kansas
 Clinton County Farm Bureau, Illinois
 Clinton County Farm Bureau, Michigan
 Clin-Wash Ag Services
 Cloud County Farm Bureau, Kansas
 Co-Alliance
 CoBank
 Coles County Farm Bureau, Illinois
 Collateral Certification Services LLC
 Colorado Corn Growers Association
 Colorado Dairy Farmers
 Colorado Farm Bureau
 Colorado Livestock Association
 Mississippi Pork Producers Association
 Mississippi Southern Railroad
 Missouri Agribusiness Association
 Missouri Corn Growers Association
 Missouri Farm Bureau
 Missouri Pork Association
 Missouri Soybean Association
 MKC
 Mondelez International
 Monroe County Farm Bureau, Illinois
 Monroe County Farm Bureau, Michigan
 Montana Farm Bureau
 Montana Grain Elevator Association
 Montana Pork Producers Council
 Montcalm County Farm Bureau, Michigan
 Montgomery County Farm Bureau, Kansas
 Moore Farmers Oil Co.
 Morrow County Grain Growers, Inc.
 Moultrie County Farm Bureau, Illinois
 Muenster Milling Company
 Muskegon County Farm Bureau, Michigan
 Nagel Farm Service
 Nathan Segal & Company
 National All-Jersey Inc.
 National Association of Egg Farmers
 National Association of State Departments of Agriculture
 National Association of Wheat Growers
 National Beef Packing Company, LLC
 National Cattlemen's Beef Association
 National Chicken Council
 National Confectioners Association
 National Corn Growers Association
 National Cotton Council
 National Cotton Ginners Association
 National Cottonseed Products Association
 National Council of Farmer Cooperatives
 National Grain and Feed Association
 National Grape Cooperative Association/Welch's
 National Grocers Association
 National Milk Producers Federation
 National Oilseed Processors Association
 National Onion Association
 National Pork Producers Council
 National Potato Council
 National Renderers Association
 National Sorghum Producers
 National Turkey Federation
 Nebraska Cooperative Council
 Nebraska Corn Growers Association
 Nebraska Farm Bureau
 Nebraska Grain and Feed Association
 Nebraska Pork Producers Association, Inc.
 Nebraska Soybean Association
 Nebraska State Dairy Association
 Nemaha County Farm Bureau, Kansas
 NEOGEN
 Neosho Valley Feeders LLC
 New Balance Commodities
 New Century FS
 New Mexico Cotton Ginners Association
 New York Apple Association
 New York Corn and Soybean Growers Association
 New York Farm Bureau
 New York Pork Producers Co-Op
 Newago County Farm Bureau, Michigan
 Niagara County Farm Bureau, New York
 North American Blueberry Council
 North American Export Grain Association
 North American Meat Institute
 North American Millers Association
 North Carolina Cotton Producers Association
 North Carolina Farm Bureau
 North Carolina Pork Council
 North Carolina Soybean Producers Association
 North Dakota Corn Grower's Association
 North Dakota Grain Dealers Association
 North Dakota Grain Growers Association
 North Dakota Pork Council
 North Iowa Cooperative
 North Side Grain
 Northeast Agribusiness and Feed Alliance
 Northeast Dairy Foods Assoc., Inc.
 Northern Partners Cooperative
 Northwest Agricultural Cooperative Council
 Northwest Dairy Association/Darigold
 Northwest Farm Credit Services
 Northwest Grain Growers
 Northwest Horticultural Council
 NuWest Milling, LLC
 NW Michigan County Farm Bureau, Michigan
 Oahe Grain Corp
 Oakland County Farm Bureau, Michigan
 O-AT-KA Milk Products Cooperative
 Ohio Grain Co., Inc.
 Oceana County Farm Bureau, Michigan
 Oeth Farm Services, Inc.
 Ogemaw County Farm Bureau, Michigan
 Ogle County Farm Bureau
 Ohio AgriBusiness Association
 Ohio Corn and Wheat Growers Association
 Ohio Dairy Producers Association
 Ohio Farm Bureau Federation
 Ohio Pork Council
 Oklahoma Agricultural Cooperative Council
 Oklahoma Cotton Council
 Oklahoma Farm Bureau
 Oklahoma Grain and Feed Association
 Oklahoma Pork Council
 Olive Growers Council of California

Colorado Pork Producers Council
 Columbia County Farm Bureau, New York
 Columbia Grain Intl. LLC
 Comanche County Farm Bureau, Kansas
 CoMark Equity Alliance
 CoMark Equity Alliance—Enid, OK & Cheney, KS
 Commodity Solutions Inc.
 Compeer Financial
 Conagra Brands, Inc.
 Conestoga Energy Partners
 Consumers Oil Company
 Cook County Farm Bureau, Illinois
 Coop Services, Inc.—Lawton, OK
 Cooperative Elevator Co.
 Cooperative Farmers Elevator
 Cooperative Milk Producers Association
 Cooperative Network
 Cooperative Oil Association
 Cooperative Producers Inc.
 Copper Country County Farm Bureau, Michigan
 Corn Refiners Association
 Cort Consulting Group, Inc.
 Corteva Agriscience
 Cotton Growers Cooperative
 Cotton Growers Warehouse Association
 Cotton Producers of Missouri
 Cottonseed and Feed Association
 Country Partners Cooperative
 Country Visions Cooperative
 Countryside Cooperative
 Countryside Feed, LLC
 Cowley County Farm Bureau, Kansas
 CropTrak
 Crossroads Cooperative
 Crown Appraisals, Inc.
 Crystal Creamery
 CSC Gold
 D&F Grain Co.
 D.E. Bondurant Grain Co.
 Dairy Farmers of America
 Dairy Foods Magazine
 Dairy Products Institute of Texas
 Dakota Midland Grain
 DairyFill
 Darigold
 Dean Foods Company
 Decatur and Eastern Railroad
 Definox Inc.
 Degesch America, Inc.
 DeKalb County Farm Bureau, Illinois
 Delaware Farm Bureau
 Delphos Cooperative Assn.
 Delta Council
 Demeter Lp
 Denali Ingredients
 DeWitt County Farm Bureau, Illinois
 Dickinson County Farm Bureau, Kansas
 Dippin' Dots, LLC
 Doniphan County Farm Bureau, Kansas
 Douglas County Farm Bureau, Illinois
 Douglas County Farm Bureau, Kansas
 Driscoll's
 DuPage County Farm Bureau, Illinois
 Earlville Farmers' Cooperative Elevator Company
 Eastern Idaho Railroad
 Eaton County Farm Bureau, Michigan
 Edge Dairy Cooperative
 Edward E. Smith Company
 Edwards County Farm Bureau, Illinois
 Elanco Animal Health
 Emmet County Farm Bureau, Michigan
 English River Pellets Inc.
 Equity Cooperative Livestock Sales Association
 Estelline Coop Grain
 Everbest Organics, Inc.
 Evergreen FS, Inc.
 Excel Engineering, Inc.
 Express Grain Terminals LLC
 F.M. Brown's Sons, Inc.
 Farm Credit Bank of Texas
 Farm Credit Council
 Farm Credit East
 Farm Credit Illinois
 Farm Credit of Northwestern Florida
 Farm Credit of the Virginias
 Farm Credit Services of America
 Farm Credit West
 Farmers' Association
 Farmer's Co-op Oil Company of Echo
 Farmers Cooperative
 Farmers Cooperative Association—Tonkawa, OK
 Farmers Cooperative Elevator Co.—Hanley Falls MN
 Farmers Cooperative Elevator Company
 Farmers Cooperative—Dorchester NE
 Farmers Exchange—Helena, OK
 Farmers for Free Trade
 Farmers Grain Company
 Farmers Grain Company—Pond Creek, OK
 Farmers Grain Company of Central Illinois
 Farmers Grain Company of Dorans
 Farmers Grain Terminal, Inc.
 Farmers Mill Inc.
 Farmward Cooperative
 Federation Cooperative
 Feed Commodities Inc.
 Field Farms Marketing Ltd.
 Fieldale Farms Corporation
 Finney County Farm Bureau, Kansas
 First District Association
 Onida County Farm Bureau, New York
 Ontario County Farm Bureau, New York
 Osage County Farm Bureau, Kansas
 Oseola County Farm Bureau, Michigan
 OSH Solutions
 Osage County Farm Bureau, Michigan
 Osage County Farm Bureau, New York
 Ottawa Cooperative Association
 Ottawa County Farm Bureau, Kansas
 Ottawa County Farm Bureau, Michigan
 Pacific Egg and Poultry Association
 Pacific Northwest Grain & Feed Association
 Pacific Sun Railroad
 Palouse River & Coulee City Railroad
 Parrish & Heimbecker, Limited
 Patton & Associates, LLC
 Pearl City Elevator, Inc./Alliance Commodities
 Pass Valley Southern Railroad
 Pellet Technology
 Pennsylvania Farm Bureau
 Pennsylvania Southwestern Railroad
 Peoria County Farm Bureau, Illinois
 Perdue AgriBusiness LLC
 Perry County Farm Bureau, Illinois
 Perry's Ice Cream
 Pet Food Institute
 Philbro Animal Health Corporation
 PIATT FS
 Piedmont Milk Sales, LLC
 Pierre's Ice Cream Company
 Pike-Scott Farm Bureau, Illinois
 Pinal County Farm Bureau, Arizona
 Pipeline Foods
 Plains Cotton Cooperative Association
 Plains Cotton Growers, Inc.
 Plains Dairy
 Planters Cooperative Association—Lone Wolf, OK
 POET Nutrition
 Pope-Hardin County Farm Bureau, Illinois
 Prairie Central Cooperative
 Prairie Creek Grain Company
 Prairie Farms Dairy
 Prairieland FS, Inc.
 Pratt County Farm Bureau, Kansas
 Premier Companies
 Premier Cooperative
 Premier Grain, LLC
 Preque Isle County Farm Bureau, Michigan
 Pride Ag Resources
 PRO Co-op
 Pro-Ag Farmers Cooperative
 Produce Coalition for USMCA
 Produce Marketing Association
 Producers Cooperative Association
 Producers Cooperative Oil Mill
 ProPoint Cooperative
 Pulaski-Alexander Farm Bureau, Illinois
 Quad Commodities Market Service Inc.
 Randolph Cooperative Grain Company
 Ray-Carroll County Grain Growers
 RCM Co-op
 Real McCoy Enterprises
 Reiff Grain & Feed, Inc.
 Reiter Affiliated Companies
 Reno County Farm Bureau, Kansas
 Republic County Farm Bureau, Kansas
 Rice County Farm Bureau, Kansas
 Riceland Foods
 Rich Ice Cream
 Richardson International Limited
 Richland County Farm Bureau, Illinois
 Riley County Farm Bureau, Kansas
 River Valley Cooperative
 Roanoke Farmers Association
 Rock Island County Farm Bureau, Illinois
 Rock River Lumber & Grain
 Rocky Mountain Agribusiness Association
 Rocky Mountain Supply, Inc.
 Rolling Plains Cotton Growers Association
 Roquette
 Rt. 16 Grain Cooperative
 Ruff Brothers Grain Company
 Rumbold & Kahn, Inc.
 Saale Farm and Grain Co.
 Saginaw County Farm Bureau, Michigan
 Saline County Farm Bureau, Kansas
 San Antonio Central Railroad
 Sangamon County Farm Bureau
 Sanilac County Farm Bureau, Michigan
 Santori Company
 Saputo Cheese USA Inc.
 Saratoga County Farm Bureau, New York
 Sargento Foods Inc.
 Sartori Company
 Schneider's Dairy, Inc.
 Schoeps Ice Cream
 Schreiber Foods, Inc.
 Schuman Cheese
 Schuyler County Farm Bureau, New York
 Scott Bros. Dairy, Inc.
 Scoular
 Seaboard Foods
 Sedgwick County Farm Bureau, Kansas
 Seedway, LLC
 Selig Group
 Separators Inc.
 SGS
 Shafer & Company, LLC
 Shamrock Farms Dairy

Fonterra
 Food Marketing Institute
 Ford-Iroquois Farm Bureau, Illinois
 Foremost Farms USA
 Form A Feed
 Frank Bailey Grain Co., Inc.
 Frenchman Valley Coop
 Frontier Farm Credit
 Fruitercrown Products Corp.
 FS GRAIN
 Galloway Company
 GAPS FS
 Garber Cooperative Association—Garber, OK
 Gateway FS
 Gavilon
 Geary County Farm Bureau, Kansas
 Geaux Geaux Railroad
 General Mills
 Genesee County Farm Bureau, Michigan
 Georgia Cotton Commission
 GFG Ag Services, LLC
 Gifford's Ice Cream
 Glacial Plains Cooperative
 Gladwin County Farm Bureau, Michigan
 Glanbia Nutritionals
 Global Cold Chain Alliance
 Global Foods International
 G-M-I, Inc.
 Gold Star FS
 Gold-Eagle Cooperative
 Goodwine Cooperative Grain Company
 Grain and Feed Association of Illinois
 Grain Craft
 Grain Journal
 Grain Millers, Inc.
 GRAINCO FS, Inc.
 GRAINLAND Cooperative
 Grand Elk Railroad
 Grassland Dairy Products
 Gratiot County Farm Bureau, Michigan
 Great Bend Coop
 Great Lakes Agra Corporation
 Great Lakes Cheese
 Great Northwest Railroad
 Great Plains Cooperative
 Great Plains Cooperative—Lahoma, OK
 Greeley County Farm Bureau, Kansas
 Green Plains Inc.
 Greenlee County Farm Bureau, Arizona
 Greenwood County Farm Bureau, Kansas
 Grocery Manufacturers Association
 GROWMARK
 GROWMARK FS II, LLC
 GROWMARK FS, LLC
 Growth Energy
 GSI
 Hamilton County Farm Bureau, Illinois
 Hancock County Farm Bureau, Illinois
 Hannebaum Grain Co., Inc.
 Hardwood Federation
 Harper County Farm Bureau, Kansas
 Harris Ranch Beef Company
 Harris-Crane, Inc.
 Harry Davis & Company
 Harvest Land
 Harvey County Farm Bureau, Kansas
 Hawaii Pork Industry Association
 Hawkeye Gold
 Henry County Farm Bureau, Illinois
 Heritage Beef LLC
 Heritage FS
 Heritage Grain Cooperative
 Hershey Creamery Co.
 Hiawathaland County Farm Bureau, Michigan
 Highline Grain Growers, Inc.
 Hi-Grade Farm Supply
 Hiland Dairy Company
 Hillsdale County Farm Bureau, Michigan
 Hilmar Cheese Company, Inc.
 Hoffmann, Inc.
 Hornel Foods
 Hull Cooperative Assn.
 Huron County Farm Bureau, Michigan
 Huron Shores County Farm Bureau, Michigan
 Idaho Dairymen's Association
 Idaho Farm Bureau Federation
 Idaho Pork Producers Association
 IL Manufacturers Ass'n
 Illinois Corn Growers Association
 Illinois Farm Bureau
 Illinois Fertilizer and Chemical Association
 Illinois Milk Producers Association
 Illinois Pork Producers Association
 Illinois Soybean Growers Association
 DMA Dairy & Food USA
 Independent Bakers Association
 Indiana Corn Growers Association
 Indiana Dairy Producers
 Indiana Farm Bureau
 Indiana Pork Producers Association
 Indiana Soybean Alliance
 Ingham County Farm Bureau, Michigan
 Ingredient
 Innovative Ag Services
 International Agribusiness Group, LLC
 International Dairy Foods Association
 DNTL FCStone
 Ionia County Farm Bureau, Michigan
 Iosco County Farm Bureau, Michigan
 Shawnee County Farm Bureau, Kansas
 Shiawassee County Farm Bureau, Michigan
 Shur-Gro Farm Services Ltd.
 SilverEdge Cooperative
 Skyland Grain, LLC
 Smithfield Foods
 SmithFoods Inc.
 SNAC International
 Sooner Cooperative, Inc.—Okeene, OK
 South Central FS, Inc.
 South Dakota Association of Cooperatives
 South Dakota Corn Grower's Association
 South Dakota Dairy Producers
 South Dakota Farm Bureau
 South Dakota Pork Producers Council
 South East Dairy Farmers Association
 South Kansas and Oklahoma Railroad
 South Texas Cotton and Grain Association
 Southeastern Ginners Association
 Southeastern Grain & Feed Association
 Southern Cotton Ginners Association
 Southern Cotton Growers Association
 Southern Rolling Plains Cotton Growers Association
 Southern States Cooperative
 Southern States Lexington Cooperative
 St. Clair County Farm Bureau, Illinois
 St. Clair County Farm Bureau, Michigan
 St. Clair Service Company
 St. Joseph County Farm Bureau, Michigan
 St. Lawrence Cotton Growers Association
 St. Lawrence County Farm Bureau, New York
 Stafford County Farm Bureau, Kansas
 Stanford Grain Company
 Staploto
 Star Energy FS
 Star of the West Milling Company
 State Line Grain Co.
 StateLine Cooperative
 Stephenson County Farm Bureau, Illinois
 Stephenson FS
 Stevens County Farm Bureau, Kansas
 Stewart Grain Co., Inc.
 Stillwater Central Railroad
 Stratford Grain Company
 Sukup Manufacturing Co.
 Sumner County Farm Bureau, Kansas
 Sun-Maid Growers of California
 Sunrise Cooperative
 SUNRISE FS
 Sunsweet Growers, Inc.
 Superior Farms
 Swan Ranch Railroad
 Sweetener Users Association
 Synergy Seeds Inc.
 Syngenta
 T&T Chemical, Inc.
 T.C. Jacoby & Company, Inc.
 Tate & Lyle
 TAWI USA
 Taylor Farms
 Tazewell County Farm Bureau, Illinois
 Team Marketing Alliance
 Tennessee Farm Bureau
 Tennessee Farmers Cooperative
 Tennessee Pork Producers Association
 Tennessee Soybean Association
 Texas Agricultural Cooperative Council
 Texas and New Mexico Railroad
 Texas Corn Producers Association
 Texas Cotton Ginners Association
 Texas Farm Bureau
 Texas Grain and Feed Association
 Texas Pork Producers Association
 Texas Soybean Association
 Texhoma Wheat Growers
 The Andersons
 The Clorox Company
 The DeLong Co., Inc.
 The Equity Cooperative
 The Fertilizer Institute
 The Grange
 The HANOR Company
 The Ice Cream Club, Inc.
 The J.M. Smucker Company
 The Kraft Heinz Company
 The Mill of Black Horse
 The Russell Marine Group
 Three Rivers FS
 Timber Rock Railroad
 TN Feed & Grain Assn
 Tom Farms
 Tom Soya Grain Company
 Top Ag Cooperative
 Toplight Grain Coop Inc.
 Trans Pecos Cotton Association
 Tri-Cities Grain, LLC
 TriCounty FS
 Tri-Parish Co-op
 Trugman Nash LLC
 Tuscola County Farm Bureau, Michigan
 Two Rivers Coop—Ark City, KS
 Tyson Foods, Inc.
 U.S. Apple Association
 U.S. Dairy Export Council
 U.S. Hide, Skin and Leather Association
 U.S. Rice Producers Association
 U.S. Tobacco Cooperative
 Union County Farm Bureau, Illinois
 United Animal Health

Iowa Corn Growers Association
 Iowa Farm Bureau Federation
 Iowa Institute for Cooperatives
 Iowa Pork Producers Association
 Iowa Soybean Association
 Iowa State Dairy Association
 Iron Range County Farm Bureau, Michigan
 Isabella County Farm Bureau, Michigan
 Ithaca Central Railroad
 J.D. Heiskell & Co.
 Jackson County Farm Bureau, Kansas
 Jackson County Farm Bureau, Michigan
 Jackson Port Terminal Railroad
 Jasper County Farm Bureau, Illinois
 JC Marketing Services, LLC
 Jefferson County Farm Bureau, Illinois
 Jefferson County Farm Bureau, New York
 Johnson County Farm Bureau, Illinois
 JV Smith Companies
 JW Safety Management
 Kalamazoo County Farm Bureau, Michigan
 Kanawha River Railroad
 Kankakee County Farm Bureau, Illinois
 Kansas & Oklahoma Railroad
 Kansas Agribusiness Retailers Association
 Kansas Cooperative Council
 Kansas Corn Growers
 Kansas Cotton Association
 Kansas Farm Bureau
 Kansas Grain and Feed Association
 Kansas Pork Association
 Kansas Soybean Association
 Kanza Cooperative Association
 Kaskaskia Regional Port Districts
 Kaskaskia Watershed Association
 Kaw River Railroad
 Keller Grain & Feed Inc.
 Kelley Supply
 Kellogg Company
 Kent County Farm Bureau, Michigan
 Kentucky Corn Growers Association
 Kentucky Farm Bureau
 Kentucky Pork Producers Association
 Kentucky Soybean Association
 Kingman County Farm Bureau, Kansas
 Kiowa County Farm Bureau, Kansas
 Knox County Farm Bureau, Illinois
 Kokomo Grain Co., Inc.
 Creamer Feed, Inc.
 Labette County Farm Bureau, Kansas
 LaBuddy Group
 Lactalis
 Lake County Farm Bureau, Illinois
 Land O'Lakes, Inc.
 Land Run Farmers Cooperative—Waukomis, OK
 Landmark Services Cooperative
 Landus Cooperative
 Langeland Farms, Inc.
 Lapeer County Farm Bureau, Michigan
 LaSalle County Farm Bureau, Illinois
 Laughery Valley Ag
 Laughlin Cartrell Inc.
 Lauridsen Group, Inc.
 LCDM
 Lee County Farm Bureau, Illinois
 Legacy FS
 United Dairymen of Arizona
 United Dairymen of California
 United Egg Association
 United Egg Producers
 United Fresh Produce Association
 United Grain Corporation
 United Potato Growers of America
 United Producers, Inc.
 Upstate Niagara Cooperative
 Urso Farmers Cooperative
 USA Poultry & Egg Export Council
 USA Rice
 Utah Farm Bureau
 Valley Fig Growers
 Valley Queen Cheese
 Van Buren County Farm Bureau, Michigan
 Vicksburg Southern Railroad
 Virginia Cotton Growers Association
 Virginia Farm Bureau
 Virginia Soybean Association
 Virginia State Dairymen's Association
 Vita Plus
 Viterra
 Wabash Valley Service Company
 Wabaunsee County Farm Bureau, Kansas
 Waldron Grain
 Warren-Henderson Farm Bureau, Illinois
 Washington County Farm Bureau, Illinois
 Washington County Farm Bureau, Kansas
 Washington County Farm Bureau, New York
 Washington State Potato Commission
 Washtenaw County Farm Bureau, Michigan
 Wayne County Farm Bureau, Illinois
 Wayne County Farm Bureau, Michigan
 Weidenhammer New Packaging
 Wells Enterprises, Inc.
 WEM Automation, LLC
 West Central FS, Inc.
 Western Grain Marketing, LLC
 Western Grain Marketing, WGM
 Western Growers
 Western United Dairies
 Westway Feed Products
 Wexford County Farm Bureau, Michigan
 Wheeler Brothers Grain Company, LLC
 Whiteside County Farm Bureau, Illinois
 Will County Farm Bureau, Illinois
 William James and Associates, LLC
 Williamson County Farm Bureau, Illinois
 Williamson Farmers Co-op
 Winona Foods Inc.
 Wisconsin Agri-Business Association
 Wisconsin and Southern Railroad
 Wisconsin Cheese Makers Association
 Wisconsin Corn Growers Association
 Wisconsin Pork Association
 Wisconsin Soybean Association
 Woodall Grain Company
 Woodson County Farm Bureau, Kansas
 World Perspectives, Inc.
 Wyandotte County Farm Bureau, Kansas
 Wyoming Farm Bureau
 Yankee Farm Credit ACA
 Zealand Farm Services, Inc.
 Zen-Noh Grain Corp
 Zoetis

SUBMITTED STATEMENT BY HON. ROGER W. MARSHALL, A REPRESENTATIVE IN
 CONGRESS FROM KANSAS; ON BEHALF OF BEN SCHOLZ, PRESIDENT, NATIONAL AS-
 SOCIATION OF WHEAT GROWERS

Chairman Costa, Ranking Member Rouzer, and Committee Members, I am Ben Scholz, a wheat farmer from Lavon, Texas and President of the National Association of Wheat Growers (NAWG). NAWG represents wheat growers across the nation and works with a team of 21 state wheat grower organizations to advocate for the wheat industry. Thank you for the opportunity to submit testimony regarding the current state of U.S. agricultural products in international markets.

Our nation's farmers are facing tough economic challenges and there seems to be no end in sight. Continued years of low commodity prices at a time when cost of production hasn't declined much has left much of farm country strapped for cash. The expectation of continued low prices has contributed to some of the lowest wheat acreage in U.S. history, with only 39.61 million acres of harvest wheat expected in the 2018/2019 marketing year, a drop from 47.32 million acres just 4 years prior during the 2015/2016 marketing year.¹ The market year average price for wheat continues to trend downward, having fallen to a low price of just \$3.89 per bushel in 2016 and to this day, the average price over a 10 year period is trending down. Net farm cash income is the cash available to farmers to draw down debt, pay taxes, cover family living expenses, and to invest. According to USDA Economic Research

¹ Source: USDA, National Agricultural Statistics Service, Crop Production, Agricultural Prices, and unpublished data; and USDA, World Agricultural Outlook Board, World Agricultural Supply and Demand Estimates.

Service (ERS) data, net farm cash income has been down nearly 70% since 2013 for wheat farmers. Working capital in the U.S. Farm Sector has also been on the decline, falling more than \$100 billion in just 5 years. As farmers income has dropped, liquid cash capital reserves have been depleted. During times like these, it's critical that we look to expand markets and sell our U.S. wheat around the world.

Unfortunately, the challenging economic conditions have only been exacerbated by a multitude of challenges to our international markets. U.S. wheat farmers are particularly vulnerable to trade disruptions with over 50 percent of wheat being exported. Uncertainty over trade agreements has already had an impact on U.S. wheat farmers. In an October 23, 2017 USDA Foreign Agricultural Service Report, it was noted that Mexico would make its first purchase 30,000 metric tons wheat from Argentina and that the shipment was tied to "Mexico's well-publicized trade diversification efforts in the face of continued uncertainty over the future of the North American Free Trade Agreement (NAFTA)."² In fact, while Mexico had record wheat imports in the 2017/2018 market year (MY), imports of U.S. wheat fell by 569,000 metric tons compared to the previous year, an estimated loss of \$178 million. This loss was caused by Mexico's decision to source wheat imports from alternative markets amid uncertainty of the NAFTA trade agreement and unknown repercussions from Section 232 tariffs. While we appreciate the Administration's efforts to improve the agreement and strongly support Congress approving the United States-Mexico-Canada Agreement (USMCA), this hasn't been done without economic harm to wheat farmers.

More so, U.S. farmers aren't competing on a level playing field. Major wheat producing countries like China violating WTO trade commitments in how they support their farmers and not fulfilling their tariff-rate quota (TRQ) commitments. We recently secured two big victories at the WTO on these issues, and continued engagement will be necessary as China may appeal the TRQ decisions or not comply with the decisions. However, since March of 2018, the initial threat of tariffs against China, there has been only a small private purchase of wheat. It's estimated that we have lost almost 1.6 million metric tons in annual sales or well over \$325 million. In addition to lost sales, with China's tariff rate quota, they should be importing almost 10 million metric tons with much of that coming from the United States. If we captured just a third of that market, we would have sales of about \$650 million to China, the largest wheat consuming nation and making them our largest market.

Similarly, we look forward to Brazil fulfilling their duty-free TRQ for wheat. A longstanding obligation under Brazil's WTO commitments in 1995, in March, the Brazilian government agreed to comply. This creates an opportunity for increased U.S. wheat purchases to the number one wheat importer in Latin America. However, the U.S. needs to continue to engage with Brazil to ensure that they do follow through on their commitment.

It is important to recognize that trade does not happen in a vacuum and that while we appreciate the [Administration] working towards a deal with Japan, only so many resources can be dedicated to that given the ongoing dealings with China and USMCA. Japan is the top export market for U.S. wheat and it is critical that a deal is struck with Japan quickly. With the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) moving forward, top competitors like Australia and Canada have a growing price advantage in the Japanese market, while the U.S. is just beginning bilateral negotiations with Japan. If the U.S. loses market share because of a price disadvantage in Japan, or elsewhere, it will likely take years to regain full access and by then market share may not recover.

As it has been outlined above, U.S. wheat farmers have been negatively impacted by trade disruptions. Wheat farmers do appreciate the Administration's recognition of this through the announcement of the second trade mitigation package. Given the challenging economic environment and trade disruptions we are hopeful that this second round of Market Facilitation Program (MFP) payments will provide some needed relief to wheat farmers. There are still many questions to be answered about how the MFP program will work and wheat growers have sent a letter to Secretary Perdue outlining these questions and providing input on how best to maximize the effectiveness of these payments. At the end of the day though, these payments won't make wheat farmers whole. The long-term solution to provide relief must be to secure deals with other countries quickly.

There is no question that wheat farmers are facing an incredibly challenging economic environment and that trade disruptions have negatively impacted farmers. China is employing trade distorting policies but we have had significant victories

²Source: https://gain.fas.usda.gov/Recent%20GAIN%20Publications/Mexico%20to%20Begin%20Importing%20Argentine%20Wheat_Mexico_Mexico_10-23-2017.pdf.

through the WTO and see real opportunity to grow our market there. It is critical that Congress pass USMCA to provide long-term certainty with a top market, Mexico. Securing a deal with Japan is the only way for U.S. wheat farmers to compete with a growing price disadvantage compared to when Canada and Australia sell to Japan. Farmers have invested their own money in developing and building market share in countries around the world. We can't risk losing those markets that we've worked for several decades to build.

NAWG thanks the Committee for holding this important hearing today. We look forward to continuing to work with Congress and the Administration towards the ultimate solution of creating long-term trade deals with critical markets to U.S. wheat.

Sincerely,



BEN SCHOLZ,
President,
NAWG.

SUBMITTED LETTER BY HON. JIM HAGEDORN, A REPRESENTATIVE IN CONGRESS FROM
MINNESOTA

June 5, 2019

Hon. DONALD J. TRUMP,
President of the United States,
The White House,
Washington, D.C.;

Hon. NANCY PELOSI,
Speaker of the U.S. House of Representatives,
The Capitol,
Washington, D.C.

Dear President Donald Trump and Speaker Nancy Pelosi,

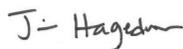
As Members of Minnesota's U.S. House delegation, we write to express our strong support for the United States-Mexico-Canada Agreement (USMCA). Passage of USMCA will increase economic growth, expand trade opportunities, and create high-wage jobs.

Enhancing trade with Canada and Mexico is especially critical to the State of Minnesota. More than 250,000 Minnesota jobs and \$7.2 billion in exports underscore the value of North American trade. Fifty-one percent of Minnesota's total agriculture and agri-food exports flow to Canada and Mexico. In addition to agriculture, the machinery, manufacturing, medical, and mining industries account for the vast majority of Minnesota's North American exports.

We are confident that passage and implementation of USMCA will deliver opportunity and certainty to Minnesota's farmers, manufacturers, labor force, and consumers.

Mr. President, we encourage your Administration to formally submit USMCA to Congress as soon as possible. Speaker Pelosi, we seek expeditious consideration and a vote on the House floor for this important agreement.

Thank you for your consideration.



Hon. JIM HAGEDORN,
Member of Congress;



Hon. TOM EMMER,
Member of Congress;



Hon. PETE STAUBER,
Member of Congress.

SUBMITTED QUESTIONS

Response from Hon. Ted McKinney, Under Secretary for Trade and Foreign Agricultural Affairs, U.S. Department of Agriculture

Question Submitted by Hon. Jahana Hayes, a Representative in Congress from Connecticut

Question. Dairy & Trade:

Thank you, Mr. Chairman, for holding this critical hearing. And thank you Mr. McKinney and Mr. Doud for being here.

It is fitting that we have this hearing as National Dairy Month is underway. The importance of the dairy industry cannot be understated, and the dairy industry is one that is extremely important to me. In my home state of Connecticut, the dairy industry provides nearly 3,000 jobs, and has an economic impact of over \$900 million. My district, Connecticut's 5th Congressional, is home to many small, family-owned dairies. These farms are small, but mighty, representing a large portion of the state's farmland and providing pastoral landscapes, scenic vistas, and a wealth of rural character to local communities. They are staples in the community, producing everything from delicious ice cream to the milk that makes Cabot cheese.

However, this is a difficult business to be in, and an even more difficult time. From perpetually low dairy prices to national and global economic changes, there is a lot of pressure on my local farmers. And to make matters worse, Connecticut dairy farmers were caught in the middle of our trade war. Then, they were let down again by the Federal trade mitigation payments that they were promised, with some farm owners receiving as little as \$50 in aid. Of the \$4.7 billion allocated for the first round of trade mitigation payments, only \$127 million was set aside for dairy farmers. Of that \$127 million, payments to all Connecticut farmers totaled a mere \$121,798. One dairy farmer in my district, who milks 300 cows at her farm, received \$3,918 in mitigation payments. That is less than the 12¢ per hundredweight of milk!

Even though the Canadian and Mexican tariffs are off, dairy farmers are still feeling the burden of the first 5 months of the year, and it does not seem like those damages are taken into account when mitigation payments are made.

And while, second and third rounds of these payments are either in progress or upcoming, they have not been timely and continue to treat dairy as a low priority. This lack of aid is especially alarming in a state like Connecticut where the cost of production is extremely high and could even exceed the price they are getting in return for their products.

So, given the importance of dairy both in Connecticut and across the country, and the difficult situation they are in, I would like to ask you some questions on what USDA and USTR are doing to help.

On the topic of mitigation: Mr. McKinney, businesses made strategic investments to serve specific markets with specific products. Dairy exports and businesses are not positioned to redirect product someplace else overnight. Did your mitigation estimates consider value lost by those companies that kept exporting but have paid the tariffs themselves? A one-size-fits-all approach is not going to work here, and we must examine the way we help those in need on a more tailored basis.

Thank you again, Mr. McKinney. I appreciate you answering my questions.

Answer. USDA's trade mitigation payments were based on estimated gross trade damages. This damage estimate reflects the full total amount of exports expected to be lost due to the tariff. Furthermore, the 2019 MFP payments have been revised to account for loss trade based upon the maximum amount of U.S. exports over the past 10 years.

Question Submitted by Hon. TJ Cox, a Representative in Congress from California

Question. Under Secretary McKinney, during the rollout of the previous Trade Mitigation Programs, some of the allocated Market Facilitation Program funds were left on the table, and the Agricultural Trade Promotion Program was vastly oversubscribed. And should the same events occur this time around, will unused MFP funds be reallocated to Trade Promotion Programs?

Answer. USDA has publicly shared estimated funding associated with the three trade mitigation-related programs. Those estimates are seen as targets but not definite or guaranteed. Where the Department may have overestimated funding for certain programs, there is no intention of reallocating those under-utilized funds for other programs within the suite of trade mitigation assistance.

Question Submitted by Hon. Angie Craig, a Representative in Congress from Minnesota

Question. Ambassador Doud, in your written testimony you also note that USTR is currently establishing a process to exclude certain importers from Chinese tariffs.

At a briefing, USTR told my staff that action could require at least 50 additional employees to sort through the thousands of likely exclusion applications, and that they hoped they would be able to receive detailees from the USDA to fill some of those positions.

Under Secretary McKinney also testified at length about the work going into the second round of market facilitation payments.

So, you are both talking about taking resources away from the core function of your agencies, implementing the farm bill at USDA and negotiating and enforcing trade agreements at USTR, in order to offset the damage done by the President's trade policies, all while farmers and ranchers are waiting for real help.

I would be grateful if you would follow up with a **written response** on the work hours spent to provide exclusions from tariffs and creating market facilitation payments, and how many hours of productivity dedicated to your regular mission you may have lost.

Answer. USDA's mission includes supporting Administration interagency committees. USDA's Foreign Agricultural Service (FAS) personnel participate in activities of the USTR-led 301 Committee, a subordinate body of the interagency Trade Policy Staff Committee. In recent months, as part of their regular duties, a limited number of FAS experts have attended Subcommittee meetings, hearings, and evaluated several agricultural-related exclusions requested under the Section 301 petition process. USDA's participation ensures that U.S. agricultural interests are carefully considered.

Response from Hon. Gregory Doud, Ambassador and Chief Agricultural Negotiator, Office of the U.S. Trade Representative

Question Submitted by Hon. Jahana Hayes, a Representative in Congress from Connecticut

Question. Dairy & Trade:

Thank you, Mr. Chairman, for holding this critical hearing. And thank you Mr. McKinney and Mr. Doud for being here.

Mr. Doud, the European Union continues to limit U.S. market opportunities by making deals with other countries to restrict the use of geographic indicators. What are you doing to help keep these markets open to American dairy? While our relationships with Mexico and Canada are vitally important, we cannot undersell the importance of a strong presence in the European market.

Thank you again, Mr. Doud. I appreciate you answering my questions.

Answer. The United States and the EU have long-standing differences over the scope and level of intellectual property rights protection for geographical indications (GIs). This is an important concern, and USTR is pressing the EU both bilaterally and in multilateral fora to expand market access for U.S. producers into the EU. The EU's actions are also concerning where there are existing international Codex Alimentarius standards, such as for certain cheeses. USTR is also working to safeguard third country markets, including removing barriers such as over-broad GI protection for EU products that serve to block U.S. producers and traders using common food names or who have prior trademark rights.

Question Submitted by Hon. Angie Craig, a Representative in Congress from Minnesota

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I would be grateful if you would follow up with a **written response** on the work hours spent to provide exclusions from tariffs and creating market facilitation payments, and how many hours of productivity dedicated to your regular mission you may have lost.

Answer. USTR has assembled a specialized and dedicated team of paralegals, trade analysts, and contractors that work on the exclusion process. This team currently consists of approximately 40 people. The vast majority of these personnel were hired for and work on the exclusion process full-time. This allows the rest of

USTR's personnel to focus on other agency priorities, including negotiating and enforcing trade agreements and fighting to open markets for U.S. farmers and ranchers. For example, on August 2, the United States signed a new agreement with EU to increase duty-free exports of American beef to the EU to \$420 million over the next 7 years.

USDA's trade mitigation program is an interim solution that runs in tandem with the Administration's work on free, fair, and reciprocal trade deals that will open more markets in the long run for American products. This will benefit agriculture and all sectors of the American economy. USTR is not involved in the process for making market facilitation payments. USDA will be best positioned to provide information on that program.

