

**STAKEHOLDER PERSPECTIVES ON
AGRICULTURAL TRADE**

HEARING
BEFORE THE
SUBCOMMITTEE ON NUTRITION, FOREIGN
AGRICULTURE, AND HORTICULTURE
OF THE
COMMITTEE ON AGRICULTURE
HOUSE OF REPRESENTATIVES
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STAKEHOLDER PERSPECTIVES ON AGRICULTURAL TRADE

THURSDAY, MAY 11, 2023

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

The Subcommittee met, pursuant to other business, at 11:08 a.m., in Room 1300 of the Longworth House Office Building, Hon. Brad Finstad [Chairman of the Subcommittee] presiding.

Members present: Representatives Finstad, Austin Scott of Georgia, DesJarlais, Baird, Mann, Rose, Molinaro, De La Cruz, Langworthy, Van Orden, Miller of Ohio, Thompson (*ex officio*), Hayes, McGovern, Adams, Tokuda, Crockett, Jackson of Illinois, Casar, Brown, Salinas, and Caraveo.

Staff present: Caleb Crosswhite, Justina Graff, Jennifer Tiller, Erin Wilson, John Konya, Daniel Feingold, Kate Fink, Amar Nair, Ashley Smith, and Dana Sandman.

OPENING STATEMENT OF HON. BRAD FINSTAD, A REPRESENTATIVE IN CONGRESS FROM MINNESOTA

The CHAIRMAN. The Committee will come to order. First and foremost, I want to welcome all of you here, and say thank you so much for being here today at this hearing, which is entitled, *Stakeholder Perspectives on Agriculture Trade*. After brief opening remarks, Members will receive testimony from our witnesses, and then the hearing will be open to questions from Members. In consulting with the Ranking Member, and pursuant to Rule XI(e), I want to make Members of the Subcommittee aware that other Members of the full Committee may join us today.

So I want to start by saying good morning, and welcome to the first hearing of the House Committee on Agriculture, Subcommittee on Nutrition, Foreign Agriculture, and Horticulture in the 118th Congress. And to Ranking Member Hayes, welcome, and I look forward to working with you. And I look forward to working with you to pass a strong farm bill that is written by farmers, for farmers, and by rural communities, for rural communities. And, importantly, I want to thank all of you, our witnesses, for taking time to be here today, and to share your testimony with us.

As a proud fourth generation farmer, raising the fifth, I understand how important a robust trade agenda and economy is to farm country, and ensuring viable markets for our producers to ship their commodities to. We know American farmers and ranchers ef-

ficiently produce the safest and most affordable fuel, food, and fiber in the world. The value proposition is well-known by our partners and consumers around the globe, who purchase more than 20 percent of U.S. agriculture production.

Nevertheless, we are headed towards an agriculture trade deficit of \$14.5 billion this year, and our overall trade deficit has reached a staggering \$945 billion, the largest ever. And while our top trade competitors continue to negotiate free trade agreements, we hear Biden officials referring to these type of negotiations as 20th century tools. Our market share in key destinations, such as Europe and East Asia, have declined, yet the Biden Administration's sole focus is on frameworking and dialoguing. Given these unfortunate realities, it is imperative that the trade programs in Title III work efficiently and effectively and can be fully utilized by our producers.

So as we continue to gather information from stakeholders ahead of the next farm bill, we need to have a clear picture of the trading economy our producers are engaged with day in and day out. Today I look forward to hearing more about that from our expert witnesses, as well as how they utilize the trade programs provided by the farm bill, and other thoughts they may have for carving a productive pathway forward. While the stagnancy of the current Administration's trade agenda is frustrating, I would be remiss if I didn't mention my appreciation for the work of our ag trade officials, and what they are doing at USDA and USTR. I welcomed the chance to visit with both Under Secretary Taylor and Ambassador McKalip recently, and I look forward to continued partnership and engaging with them.

Before I recognize the distinguished Ranking Member, a quick note on this Subcommittee's activities. There has been some public fodder on the types of topics we should address and when we should address them, namely in the nutrition space. I want to say, rest assured, we will be discussing those issues, starting at the full Committee level during our first work period in June.

[The prepared statement of Mr. Finstad follows:]

PREPARED STATEMENT OF HON. BRAD FINSTAD, A REPRESENTATIVE IN CONGRESS
FROM MINNESOTA

Good morning and welcome to the first hearing of the House Committee on Agriculture's Subcommittee on Nutrition, Foreign Agriculture, and Horticulture in the 118th Congress. To Ranking Member Hayes, welcome, and I look forward to working together to pass a strong farm bill that is written by farmers for farmers, and by rural communities for rural communities.

And importantly, thank you to our witnesses for taking time out of their schedules to be here today.

As a proud fourth-generation farmer, raising the fifth, I understand how important a robust trade agenda and economy is to farm country and ensuring viable markets for our producers to ship their commodities to.

We know American farmers and ranchers efficiently produce the safest and most affordable fuel, food, and fiber in the world. The value proposition is well-known by our partners and consumers around the globe, who purchase more than 20 percent of U.S. agricultural production.

Nevertheless, we are headed towards an agricultural trade deficit of \$14.5 billion this year, and our overall trade deficit has reached a staggering \$945 billion—the largest ever.

And while our top trade competitors continue to negotiate free trade agreements, we hear Biden officials referring to these types of negotiations as “20th century tools.” Our market shares in key destinations—such as Europe and East Asia—have

declined, yet the Biden Administration's sole focus is on "frameworking" and "dialoguing."

Given these unfortunate realities, it's imperative the trade programs in Title III work efficiently and can be fully utilized by our producers.

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With that, I recognize the Ranking Member from Connecticut, Jahana Hayes. I look forward to a fruitful collaboration throughout the 118th Congress.

The CHAIRMAN. And now I would like to recognize the Ranking Member from Connecticut, Jahana Hayes. I look forward to a fruitful collaboration through the 118th Congress, and I would like to welcome you, please provide us with your opening remarks.

OPENING STATEMENT OF HON. JAHANA HAYES, A REPRESENTATIVE IN CONGRESS FROM CONNECTICUT

Mrs. HAYES. Thank you, Mr. Chairman, and thank you to the witnesses today for testifying about the importance of agricultural trade, and how we can improve upon the Title III trade programs. You all have a vital role in our food systems, and I appreciate your testimony. This Congress we have an enormous responsibility of re-authorizing the farm bill, a farm bill that will support our farmers, and keep families fed. The public fodder comes from me, because I am deeply concerned about nutrition, and have not seen any movement on this Committee in the 118th Congress. I am committed to ensuring that no child, no senior, no veteran, no person in this country goes hungry.

Two weeks ago House Republicans passed a bill putting nearly one million Americans at risk of losing SNAP benefits: 34 million Americans struggle with food insecurity, nine million of which are children. With cuts to SNAP at the forefront of every budget discussion, it is incomprehensible how this Committee has not held any public hearings, at the full Committee or the Subcommittee, to discuss this topic in the 118th Congress. We have an obligation to the American people to let them know where we stand on this issue and have discussions in an open forum.

Nutrition programs account for 76 percent of the \$1.4 trillion farm bill. Programs like The Emergency Food Assistance Program, the Gus Schumacher Nutrition Incentive Program, and Commodity Supplemental Food Program also deserve our attention. The farm bill includes nutrition, so we must pass a bill that meets the needs of all people in all communities. The Members of this Subcommittee must have a chance to review nutrition programs and work in a way that puts food on the tables of American people.

Today, however, we are here to receive testimony from stakeholders on Title III agricultural trade programs. The United States is one of the top agricultural exporters, trailing only the European Union. However, farmers and producers are navigating a new landscape. Natural disasters, climate change, and shipping costs impact the agricultural market. I am also concerned with the protective measures used by our international trade partners, from arbitrary restrictions on U.S. products to import duties, tariffs on specific products. I am happy to see the U.S. Department of Agriculture and the U.S. Trade Representatives are responding to these problems. I am also committed to addressing these barriers, and protecting the agricultural markets for producers in this country.

Title III of the farm bill contains several important trade programs. The Market Access Program helps trade associations and small businesses build export markets through marketing and promotions. The Foreign Market Development Program creates, expands, and maintains foreign markets for generic U.S. products. These and other programs work cohesively to build, develop, and maintain foreign markets. An expanded market for food products brings stability to everyone in the food and agriculture sector, from farmers and producers, to truck drivers, to food retailers and grocers, and restaurant workers. The livelihoods of these workers are dependent on a robust agricultural market.

According to the USDA, the agricultural food and related industries contribute roughly \$1.2 trillion to U.S. gross domestic product, and \$196 billion for agriculture exports. This activity also supports about 71,000 jobs and \$4.5 billion in wages to my district. We have before us an impressive and very qualified group of witnesses, and I am excited to hear testimony on both the Title III trade programs and the overall state of agricultural trade, and I look forward to working with the Chairman of this Committee to make sure that the nutrition space gets the attention that it deserves in the upcoming farm bill. Thank you, and I yield back.

The CHAIRMAN. Thank you, Ranking Member Hayes. The chair would request that other Members submit their opening statements for the record so the witnesses may begin their testimony, and to assure that there is ample time for questions.

[The prepared statement of Mr. Thompson follows:]

PREPARED STATEMENT OF HON. GLENN THOMPSON, A REPRESENTATIVE IN CONGRESS
FROM PENNSYLVANIA

Thank you, Mr. Chairman.

Good morning, and thank you to our witnesses for sharing their time and expertise.

Agriculture is the backbone to most of the world's economies, and heavily relies on international trade, which helps farmers back home and abroad increase their revenue, expand their business opportunities, and most importantly, feed, clothe, and fuel the world. Trade is also a vital lifeline for rural America. Increased export opportunities often lead to job creation, wage growth, and improved communities.

Many of you have heard me talk incessantly about how important science, technology, and innovation are to agriculture. Trade competition can act as a catalyst for innovation in production techniques, not to mention a host of other areas, contributing to the resilience of U.S. agriculture.

But I remain concerned that without a robust and forward-thinking trade agenda, our producers—large and small—risk being excluded from markets, furthering global food insecurity and volatility. Not to mention the devastating impact on our local economies.

The United States has long been the world's leading agricultural producer and exporter, and we must have individuals at the helm shaping international trade standards, policies, and fighting for market access. Robust and fair trade agreements are not outdated tools, rather they can protect our agricultural interests, ensure a level playing field, and prevent unfair competition from subsidized or low-standard imports.

And we must strike while the iron is hot. For example, expanding trading relationships with new and emerging markets across Africa and Southeast Asia can offer substantial opportunities for the U.S. to establish its products in growing economies.

I think the testimony today will provide valuable insight into this and more, and I again thank the witnesses for sharing their perspectives and suggestions.

With that, I yield back.

The CHAIRMAN. So, at this time, I would like to introduce our testifiers here.

Our first witness today is Mr. John Griffith, who is the Executive Vice President of Ag Business and Hedging at CHS, Inc. He also serves as the Chairman of the North American Export Grain Association.

Our next witness is Ms. Lori Stevermer, who is the President-Elect of the National Pork Producers Council, but more importantly, a resident of southern Minnesota's First Congressional District, and someone that we are very, very, very proud of, and really respect her awesome leadership.

Our third witness today is Mr. Matt Lantz, who is the Vice President for Global Access at Bryant Christie, Inc. And our fourth and final witness today is Ambassador Gregg Doud, who is the Vice President of Global Situational Awareness and Chief Economist for Aimpoint Research. Ambassador Doud previously served as the Chief Agricultural Negotiator in the Office of the United States Trade Representative.

So thank you all for joining us today, and we will now proceed with your testimony. You will each have 5 minutes. The timer in front of you will count down to zero, at which point your time has expired. And so we will start first—Mr. Griffith, please begin when you are ready.

**STATEMENT OF JOHN GRIFFITH, EXECUTIVE VICE
PRESIDENT, AG BUSINESS AND CHS HEDGING, CHS INC.;
CHAIRMAN, NORTH AMERICAN EXPORT GRAIN
ASSOCIATION, INVER GROVE HEIGHTS, MN**

Mr. GRIFFITH. Chairman Finstad, Ranking Member Hayes, and Members of the Subcommittee, thank you for inviting me to testify on the important topic of agricultural trade. My name is John Griffith. I am Executive Vice President of Agricultural Business and Hedging for CHS, Inc., a Minnesota-based U.S. farmer-owned cooperative, and global grains and energy company, owned by over 600,000 farmers and ranchers nationwide. I also serve as the Chairman of North American Export Grain Association, or NAEGA, for short. NAEGA is a nonprofit trade association, whose members export the majority of all U.S. grain and oilseeds to international markets. Today I would like to convey our hope that members will work together to pass the comprehensive farm bill to provide certainty to U.S. farmers, which in turn enables us to compete freely and fairly with our global trade partners. Let me briefly ad-

dress three topics: market access programs, food aid, and supply chains.

To say that trade is important to American agriculture is an understatement. Trade is the lifeblood of American agriculture, and global demand for food has never been greater. However, in the past few years, major events, such as COVID epidemic, and the war in Ukraine, have disrupted global supply chains, causing a profound impact on agriculture. While these crises present an opportunity for U.S. farmers, global competition requires United States leadership in fostering trade policies that allow farmers to fulfill changing global demand. We must promote global science-based policies and break down tariff and non-tariff barriers to entry. We appreciate the work done by Secretary Vilsack and Under Secretary Alexis Taylor in being a voice for these issues, yet more work remains in the pursuit of market access opportunities for U.S. farmers and ranchers.

As you work with your Senate colleagues to reauthorize the farm bill, we urge you to recognize the need for additional funds for the Market Access Program and the Foreign Market Development Program. These two programs have been enormously successful, expanding exports, and supporting hundreds of thousands of jobs. NAEGA is pleased to have been a participant in the Market Access Program since the 1990s. Combined with industry support, the program has enabled NAEGA to promote best practices and policies in agriculture trade.

One success story from these programs involves Vietnam. Using program funds, the U.S. wheat industry engaged a potential new customer in Vietnam starting in 2019. Today that company purchases over \$12 million worth of U.S. wheat and has reported that flour made from U.S. wheat is now, and I quote, “irreplaceable.” With that said, these programs have remained stagnant in their funding level since 2002. A significant increase to MAP and FMD funding in the next farm bill will help U.S. agriculture protect our existing markets, while helping to grow and establish new export markets elsewhere.

The feeding of hungry people through U.S. food aid programs has benefitted millions of people throughout the world. Food aid programs also represent a key component of the U.S. bulk grain exports. As exporters, we see the opportunity to strengthen U.S. food aid programs and reduce unintentional damage to commercial markets. As such, NAEGA supports policies that improve financial sustainability to maximize performance in the delivery of U.S. food aid. We also support policies that align food aid programming with national market development objectives and domestic agriculture support programs.

A reliable infrastructure system is crucial to ship agriculture goods abroad. CHS recently announced a \$105 million expansion to our facility in Myrtle Grove, Louisiana that will allow CHS to move over 300 million bushels of grain annually. CHS is committed to identifying new market opportunities, and investing in export infrastructure, but it is important that the U.S. Government partner in this effort through investment and the timely distribution of appropriated funds from legislation approved by Congress last year.

In conclusion, agriculture is a global industry. The ability to export agriculture goods to hungry customers across the world is crucial to both the success of CHS as a company and the livelihoods of our farmer and rancher owners. However, we are seeing the global agriculture trade flow shift often away from the United States, and towards our competitors, as new trade alliances form. If the United States is to remain the global leader in feeding the world, we must enact trade policies and support programs that best allow American farmers and agribusinesses like CHS to do what we do best, grow and sell the safest, most abundant, and reliable food in the world.

I humbly thank you for this opportunity, and would be happy to answer any of your questions.

[The prepared statement of Mr. Griffith follows:]

PREPARED STATEMENT OF JOHN GRIFFITH, EXECUTIVE VICE PRESIDENT, AG BUSINESS AND CHS HEDGING, CHS INC.; CHAIRMAN, NORTH AMERICAN EXPORT GRAIN ASSOCIATION, INVER GROVE HEIGHTS, MN

Introduction

Chairman Finstad, Ranking Member Hayes, and other Members of the Subcommittee; thank you for inviting me today to testify on the important topic of agriculture trade.

My name is John Griffith, I am the Executive Vice President of Agriculture Business and Hedging, for CHS Inc., a Minnesota-based, U.S. farmer-owned cooperative, and global grains, energy, and food company owned by over 600,000 farmers and ranchers nationwide.

I also serve as the Chairman of the North American Export Grain Association, or NAEGA, for short. NAEGA is a nonprofit trade association consisting of companies involved in the global international grain trading industry. NAEGA members are exporters of the majority of all U.S. grain and oilseeds to international markets. NAEGA acts throughout the world to promote policies, rules, and commercial practices that support international trade in grains, oilseeds, and their derived products.

NAEGA also works directly with the U.S. Department of Agriculture (USDA) as a cooperator organization that utilizes the Market Access Program (MAP), in a public-private partnership to promote exports of U.S. farm products.

Today I would like to convey the importance, and our hope, that Members will work together to pass a comprehensive Farm bill to provide certainty to U.S. farmers, which in turn enables us to compete freely and fairly with our global trading partners. Let me briefly address four topics (1) Market Access Programs, (2) Food Aid, (3) Credit, (4) Supply Chains.

General Trade Outlook

Before I move to these specific programs, to say that trade is important to American agriculture is an understatement—*trade is the lifeblood of American agriculture, and global demand for food has never been greater*. An expected 345.2 million people are projected to be food-insecure in 2023—more than double the number in 2020, according to the IMF. However, in the past few years we have experienced major geopolitical events, such as global supply chain disruptions from the COVID epidemic and the ongoing war in Ukraine, that have disrupted global supply flows and are having a profound impact on agriculture.

These are not the kind of trade issues we have experienced in recent decades. As the war drags on, Ukraine's yields will likely be down 30% to 40% in 2023 with farmers having sown fewer crops. Fewer acres will be planted this year in Ukraine and as a result Ukraine's production will need to be made up elsewhere.

The result is an opportunity for U.S. farmers to rise and respond to strong demand for agricultural products both within the U.S. and abroad, but the United States must play a leadership role in fostering policies that enable farmers and the grain trade to be able to fulfill that demand. U.S. agriculture is known by customers around the world for its unmatched quality and reliability. We must promote trade policies, both within the United States and abroad, that are science-based, and break down tariff and non-tariff barriers to entry. We must do so in a manner that is the least market distorting to maintain U.S. agricultural leadership. We appreciate the work done by Secretary Vilsack and Undersecretary Alexis Taylor in being

a voice for these issues both domestically and globally, through trade missions and venues like the G7 meeting in Japan last month, yet more work remains in the pursuit of market access opportunities for U.S. farmers and ranchers.

Market Access Programs

As the House and Senate Agriculture Committees continue their work to reauthorize the farm bill this year, we urge Members to recognize the need for additional funds to the Market Access Program (MAP) and the Foreign Market Development (FMD) Program. These two programs allow trade associations and nonprofit entities to apply for funding from USDA, with a private-sector match, to build new markets and promote U.S. agriculture around the world. The programs have been enormously successful, adding billions of dollars annually to the value of American agricultural exports and supporting hundreds of thousands of jobs.

NAEGA is pleased to be a participant in the Market Access Program and has been since the 1990s. Key to NAEGA's participation is close coordination with USDA and cooperators like U.S. Grains Council, U.S. Wheat Associates and U.S. Soybean Export Council. Combined with industry support, the program has enabled NAEGA to promote best practices in agricultural trade, including the promotion of strong, science-based regulatory regimes that decrease trade barriers, in new and developing markets, and support international efforts to provide for food security.

One success story from these programs I would like to share involves Vietnam—a valuable market for U.S. producers and one that we see as a major opportunity for growth. Using MAP and FMD funds, the U.S. wheat industry engaged a potential new customer in Vietnam starting in 2019. The experience was positive, and the customer started consistent monthly purchases of up to 2,500 MT (Metric Tons) of U.S. hard red winter wheat (HRW), and up to 400 MT of higher protein hard red spring wheat (HRS). In 2020 and 2021, the estimated total value of the company's purchases was more than \$8 million.

In October 2021, U.S. industry used MAP and FMD funding to conduct training activities with the customer to help them create blends of flour to meet specific product applications using U.S. wheat, showing the superior quality for Vietnamese Bahn Mi baguettes.

In addition to the steady purchase of U.S. wheat in 2021 and 2022 valued at more than \$12 million, the company has reported that flour made from U.S. wheat is now “irreplaceable” for making high-quality Vietnamese wheat foods. This new market could not have been achieved without the partnership between USDA and industry using market access funds.

With that said, these programs have remained stagnant in their funding levels since 2002, even as more groups and businesses apply for funding while our competitors abroad outspend us in their own export promotion efforts.

Making a significant increase to MAP and FMD funding in the next farm bill will help U.S. agriculture protect the markets in which we currently sell, while helping to grow and establish new markets elsewhere.

Food Aid

The feeding of hungry people around the world through U.S. food aid programs is a worthy and noble endeavor and has benefited millions of people throughout the world. Food Aid programs also represent a key component of the U.S. bulk grain export market. Every year NAEGA member companies sell millions of tons of commodities, which are exported through various food aid programs.

As exporters, we see much opportunity to strengthen U.S. food aid programs and reduce unintentional damage to commercial markets. Recognizing the need for a sound review and improved effectiveness of our international food aid programs, NAEGA supports three policy objectives:

- Provide policy and financial sustainability in programs to improve performance in the delivery of U.S. food aid to recipients.
- Align food aid programming with our national priorities, agricultural market development objectives, and domestic agriculture support programs.
- Recognition that food aid is a key component of overall trade policy and warrants coordination and compatibility with our national interest in expanding economies through more open and free international trade.

Credit

Export credit programs are also important to our industry, and a valuable tool for cooperatives like CHS, that export around the world to countries that are often politically or financially less stable. Specifically, the Export Credit Guarantee Program, also known as GSM-102, which guarantees repayment when U.S. banks ex-

tend credit to foreign banks to finance sales of U.S. agricultural products, is a critical support to the U.S. agriculture export market.

In the past 12 months alone CHS has used the GSM-102 program for nearly \$300 million worth of bulk grain and trade financing. With that said, we still feel there is room for improvement. In particular, the program could be improved by removing capital limitations that unfairly impact cooperative bank lenders, like CoBank, due to their cooperative structure. Removing, or changing the statute so that the limitations are tied to assets instead of capital on hand, would allow these lenders to serve other cooperatives and their farmer owners more efficiently.

Supply chain

A robust and reliable transportation infrastructure system is crucial to the ability to ship agricultural goods from the heartland to export facilities to be sent abroad. CHS recently announced a \$105 million expansion to our facility in Myrtle Grove, Louisiana, which is expected to be completed in early 2024, and will allow CHS to move over 300 million bushels of grain annually to global customers in less time, with fewer bottlenecks. CHS has owned and operated this facility since 1994 and is the closest grain facility to the river's mouth, south of New Orleans. It operates 24 hours a day, 7 days per week, 365 days per year, loading up to 4,000 barges of corn and soybeans, sourced from as far north as Minnesota, annually.

At CHS, our integrated supply chains allow us to navigate bottle necks and other barriers to feed hungry people across the world. We experienced this firsthand during a period of low Mississippi River water levels last year. CHS shifted commodity flows and leveraged our Pacific Northwest export facilities for continued market access to Asia. This would not have been possible without a functioning system of trucking, rail, and inland waterways. Specifically, it required navigational access to the Columbia and Snake River Systems. This river system is the third-largest grain export corridor in the world, transporting nearly thirty percent of U.S. grain and oilseed exports. The system is supported by locks and dams that are vital to the ability to move goods across the country, to facilities like ours, in Washington and Oregon. If these locks and dams were removed, it would cut off access to important global markets for farmers across the country.

CHS, and our farmer owners, are committed to identifying new market opportunities and investing in export-import infrastructure at strategic locations around the country, but it is important that the U.S. Government is a partner in this effort. Over the past 2 years, Congress has approved much-needed legislation to improve waterways infrastructure funding. The timely and efficient distribution of these funds is important. Most U.S. locks and dams have surpassed their expected 50 year design life, increasing delays and unscheduled outages that threaten to erode America's competitive infrastructure advantage.

Conclusion

On behalf of CHS and NAEGA, thank you again for having me here today to discuss the state of agriculture trade.

Agriculture is a global industry. The ability to export agricultural goods to hungry customers across the world is not only crucial to the success of CHS as a company, but it is also of the utmost importance to the livelihood of our farmer and rancher owners and the rural communities where they live. However, over the last decade, we have seen global agriculture trade flows shift, often away from the United States and towards our competitors as new trade alliances form.

If the United States is to remain the global leader in feeding the world, an issue with direct implications for national security, we must enact policies that best allow the American farmer and agribusinesses like CHS to do what we do best: grow and sell the safest, most abundant, and reliable food in the world.

I appreciate your time and would be happy to answer any questions you have for me.

The CHAIRMAN. Thank you, Mr. Griffith. We will now move on to Ms. Stevermer.

STATEMENT OF LORI STEVERMER, PRESIDENT-ELECT, NATIONAL PORK PRODUCERS COUNCIL; CUSTOMER SUCCESS MANAGER, ALLTECH U.S. PORK BUSINESS, EASTON, MN

Ms. STEVERMER. Well, good morning, Chairman Finstad, Ranking Member Hayes, and Members of the Subcommittee. I am Lori

Stevermer. My husband Dale and I raise pigs and crops near Easton, Minnesota, and I work for Alltech as a Customer Success Manager as part of the U.S. Pork Business Team. I am also President-Elect of the National Pork Producers Council. Thank you for the opportunity to testify on behalf of NPPC and the nation's 66,000 pork producers. Trade is critical to the U.S. pork industry. Last year we exported nearly \$7.7 billion worth of pork, and those exports supported 155,000 mostly rural U.S. jobs, and added \$14.5 billion to the country's GDP. More importantly, exports equated to about \$61 per head, and about 25 percent of our pork is exported.

The U.S. pork industry, like a lot of industries, has gone through some tough times over the past several years, but exports continue to be a bright spot for producers. Our trade successes can largely be attributed to our ability to produce the world's safest, most nutritious, most affordable, and to fair and unfettered access to foreign markets, negotiated through comprehensive trade agreements. It is clear that such agreements are why we have been, on average, the top pork exporter in the world over the past decade. U.S. pork exports have increased more than 1,800 percent in value, and more than 1,500 percent in volume, since 1989, the year the U.S. implemented its first substantial free trade agreement.

Comprehensive trade deals eliminate tariff and non-tariff barriers to U.S. goods, and they are vehicles for setting science-based standards, and for resolving trade disputes that may arise. Policies that foster the free flow of goods and expand export markets are critical to the continued success of America's pork producers, U.S. agriculture, and the overall American economy. The bottom line, the United States needs more comprehensive trade agreements.

The U.S. pork industry has several trade priorities. First, negotiate better market access for U.S. agriculture in the Asia/Pacific region. The Indo-Pacific Economic Framework for Prosperity is a good starting point, but market access and elimination of tariff and non-tariff barriers should be part of the discussion. Separately, the U.S. should continue urging the Philippines and Vietnam, which are in the IPEF, to make the tariff reductions on pork they imported the past couple of years permanent. Both countries have tremendous potential for U.S. pork exports. Second, urge China to drop its 25 percent retaliatory tariff on U.S. pork muscle cuts. Coupled with its MFN tariff, U.S. pork pays a 33 percent tariff, compared with eight percent rate for our competitors in the market.

Third, leverage U.S. preferential trade programs, such as the Generalized System of Preference in the African Growth and Opportunity Act (Pub. L. 106-200), to open markets that currently restrict U.S. pork exports, despite those countries getting duty-free access to the United States. Fourth, address our own trade limiting policies, including restrictions on H-2A visas that don't allow their use for year-round farm and packing plant labor, and a proposed labeling rule that would likely violate WTO trade rules, and could prompt retaliation from our trading partners.

Fifth, prevent African Swine Fever from reaching the U.S. mainland, if we can't do this, all those other priorities will be irrelevant. An ASF outbreak in the U.S. would immediately close foreign markets to our pork exports, devastating our producers in other proteins, and the corn and soybean meal farmers who provide live-

stock feed. That is why it is imperative we focus on prevention and planning for all foreign animal diseases.

In conclusion, fair and unfettered trade has helped the United States become an economic powerhouse. To maintain that position, the country must expand trade in existing markets and open new markets, and it must resolve issues that could negatively affect our ability to trade. For the U.S. pork industry, that means negotiating comprehensive trade agreements that eliminate tariff and non-tariff barriers, expanding market access in the Asia/Pacific, including by getting China to remove its retaliatory tariff on pork, leveraging and renewing U.S. preferential trade programs, addressing the country's labor shortage, keeping the U.S. free from African Swine Fever, and adequately funding Federal agencies that deal with foreign animal diseases. Thank you for allowing me to testify. I would be happy to answer your questions.

[The prepared statement of Ms. Stevermer follows:]

PREPARED STATEMENT OF LORI STEVERMER, PRESIDENT-ELECT, NATIONAL PORK PRODUCERS COUNCIL; CUSTOMER SUCCESS MANAGER, ALLTECH U.S. PORK BUSINESS, EASTON, MN

Introduction

The National Pork Producers Council (NPPC), representing 42 affiliated state associations, works to ensure the U.S. pork industry remains a consistent and responsible supplier of high-quality pork to domestic and international markets. Through public-policy outreach, NPPC fights for reasonable legislation and regulations, develops revenue and market opportunities, and protects the livelihoods of America's more than 66,000 pork producers.

The U.S. pork industry is a significant contributor to the economic activity of U.S. agriculture and the broader U.S. economy, marketing more than 140 million hogs annually. Those animals provided farm-level gross cash receipts of more than \$30 billion in 2022.

To produce those hogs, pork producers used roughly 1.6 billion bushels of corn and soybean meal from 433 million bushels of soybeans in 2022. The industry also purchases more than \$1.6 billion in other feed ingredients.

Economists at the NPPC [] and Iowa State University estimated that in 2021 the U.S. pork industry was directly responsible for creating more than 366,000 full-time-equivalent jobs in pork production and generated roughly 122,000 jobs throughout all of agriculture. In addition, the pork sector was responsible for 138,000 jobs in meatpacking and processing and 399,000 jobs in professional services such as financial services, insurance and real estate. In total, the U.S. pork industry supports 610,000 mostly rural jobs in the United States and adds more than \$57 billion to the country's GDP.

Most importantly, U.S. pork producers in 2022 provided more than 27 billion pounds of safe, wholesome and nutritious meat protein to consumers worldwide.

Today is a challenging time in the U.S. pork industry. This year, hog producers are losing an average of \$40 per head on each hog marketed. While hog prices have moderated significantly since 2022, current losses are largely due to record-high production costs that have increased up to 50 percent in the past year. These losses are putting a pinch on the pork industry, and this economic reality may force producers to exit the industry and drive consolidation at the farm-level. This only adds to the uncertainty that already exists with the credit market and the presence of African swine fever (ASF) in the Western Hemisphere.

Pork Exports

Trade is vital to America's pork producers, who annually export about a quarter of their total production to more than 100 countries. The pork industry exported \$7.68 billion of pork in 2022. Exports equated to about \$61, or 25 percent, in value for each hog that was marketed in 2022, supported 155,000 American jobs and contributed more than \$14.5 billion to the U.S. economy, according to Iowa State University economists.

Despite numerous challenges, a strong U.S. dollar, ongoing supply chain issues and trade retaliation from some of its top foreign markets, the U.S. pork industry continues to export a significant amount of pork. In fact, through March of this

year, America's pork producers have shipped \$2.0 billion worth of product to foreign destinations compared to about \$1.7 billion for the same period last year. This equates to nearly a 14 percent increase.

Annual exports of U.S. pork have been increasing for the past several years, generally because of improving economies and a rising middle class in countries worldwide. Other factors driving those increases include the emergence of robust hotel and restaurant industries in some nations—particularly as world travel has become relatively easier and affordable. Additionally, several important U.S. export markets in Southeast Asia, for example, have been battling ASF for the past several years creating demand for increased pork imports, benefiting U.S. pork producers.

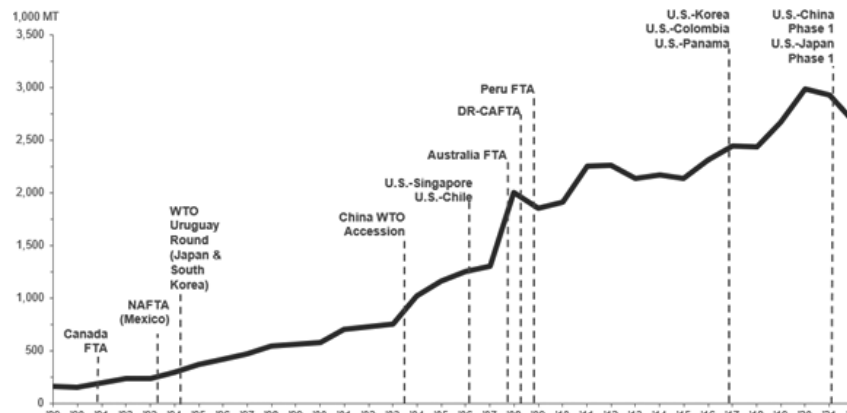
Trade Deals Key to Increasing Exports

The biggest reason for U.S. pork export growth over the past 2 decades has been through trade initiatives, whether free trade agreements (FTAs), less-formal trade and investment framework agreements (TIFAs) or one-off market access deals. Through such initiatives, the United States moved from a net importer to a net exporter of pork in 1995.

In fact, due to trade agreements, U.S. pork exports have increased more than 1,850 percent in value and more than 1,560 percent in volume since 1989, the year the United States implemented its FTA with Canada and started opening international markets for value-added agriculture products.

Since 2000, pork exports to FTA countries have increased 913 percent, and in countries where the United States has negotiated preferential market access and where tariffs were slashed, pork exports increased tremendously. The chart below shows the trajectory of U.S. pork exports over the past 3+ decades.

U.S. Pork Exports Throughout the Years



In addition to comprehensive trade agreements granting better market access for U.S. pork, they are usually the best avenue for accepting U.S. agricultural science-based standards and for broader non-tariff market access issues to be resolved.

Policies that foster the free flow of goods and expand export markets—mostly through trade agreements—are critical to the continued success of America's pork producers, U.S. agriculture and the overall American economy. **The bottom line: The United States needs more comprehensive trade agreements that eliminate or significantly reduce tariffs on and non-tariff barriers to U.S. exports.**

Success of FTAs

Proof of the success of FTAs can be seen in the robust trade among the United States, Canada and Mexico under the 1994 North American Free Trade Agreement (NAFTA), which set a zero-tariff rate for pork, and, now, the U.S.-Mexico-Canada Agreement (USMCA), which updated the 25 year old NAFTA. In fact, Canada and Mexico are the top two destinations for U.S. goods and services, accounting for nearly ¼ of total U.S. exports with an average value of \$1.49 billion each day.

While trade between the United States and Canada has been good even before the countries signed their FTA, trade between the United States and Mexico before NAFTA was somewhat anemic, totaling only \$50 billion each way in 1993. Today,

U.S. exports to Mexico are valued at \$324 billion. U.S. agricultural exports to Mexico have grown nearly 508 percent since NAFTA was implemented.

Regarding the U.S. pork trade, Mexico and Canada were the No. 1 and No. 4 export markets, respectively, for the U.S. pork industry in 2022. From 1993, the year before NAFTA was implemented, to 2022, U.S. pork exports to Mexico increased 915 percent, from just 210 million pounds to almost 2.1 billion pounds, and exports to Canada went from 33.6 million pounds to nearly 432 million pounds.

The United States has seen similar results after negotiating other FTAs, with the U.S. pork industry seeing growth in exports to Australia, Chile, Colombia, the DR-CAFTA countries—Dominican Republic, El Salvador, Guatemala, Honduras, and Nicaragua—Panama, Peru, Singapore and South Korea.

It is important to note, and contrary to critics and as shown by data, FTAs do not negatively affect U.S. partner countries. The Mexican pork industry, for example, has grown significantly since NAFTA went into effect and U.S. pork exports to Mexico began increasing. Estimates are that from 1995 to 2011, pork production in Mexico increased by nearly 70 percent. That rise was accompanied by and often was the result of, improvements in Mexico of disease prevention and eradication efforts, efficiencies in slaughter and processing plants, and a significant increase in Mexican consumer demand. Its surge in pork production also prompted Mexico to start exporting pork to foreign destinations, including the United States.

Looking East

More recently, the U.S. pork industry has focused much of its attention on the Asia-Pacific region because of its strong economic growth and the population's cultural preference for pork.

In early 2020, for example, China and the United States struck the “Phase One” trade deal that helped boost U.S. pork exports to the Asian giant, which took in nearly \$1.3 billion of American pork last year. That made it the No. 3 value market for the U.S. pork industry.

But exports to China continue to be constrained because of that country's 25 percent retaliatory duty. It had been 72 percent—on pork muscle cuts in response to U.S. tariffs on \$34 billion of Chinese goods, including steel and aluminum, and concerns with forced intellectual property transfers. U.S. pork tariffs in China are a cumulative 33 percent compared with eight percent for the rest of the world. Only pork variety meats are competitive in the Chinese market. The United States could be exporting more pork if not for the continued tariffs.

Japan continues to be a strong market for U.S. pork. The Phase One deal with Japan went into effect on January 1, 2020, which put U.S. pork on a level playing field with other major pork exporters and is the U.S. pork industry's No. 2 market in 2022. The Phase One deal has also helped regain some of the access lost in Japan after the United States withdrew from the Trans-Pacific Partnership (TPP).

In April 2021, after years of NPPC working with the U.S. and Philippine Governments, the Philippines announced it would increase its quota (Minimum Access Volume, or MAV) and cut tariffs on pork to curb food price inflation caused by African swine fever (ASF) outbreaks in the country. NPPC worked with USDA and the Philippines Government on a project to address challenges related to ASF and support safe international trade of U.S. pork.

U.S. pork exports to the Philippines have increased by 100 percent to over \$122 million since mid-2021. Although these great results benefited U.S. pork producers, the tariff reductions are not permanent and set to expire at the end of 2023.

The U.S. pork industry continues to urge the Philippines Government to make the tariff reductions permanent. A major downside of not having a comprehensive trade agreement is that tariff reductions are seldom permanent.

Vietnam also recently agreed to give better market access to U.S. pork through the reduction of tariffs, cutting its Most Favored Nation (MFN) duty on frozen pork to 10 from 15 percent. The U.S. pork industry is encouraged by the negotiations with Vietnam and hopes they lead to broader trade discussions.

Despite the reduction in tariffs, U.S. pork still faces a disadvantage in Vietnam. Countries such as Russia, the nations in the Comprehensive and Progressive Trans-Pacific Partnership (CPTPP) and the EU have FTAs with Vietnam that include zero or low tariffs on frozen pork.

Last fall, the Biden Administration began talks with the 13 other countries, including the Philippines and Vietnam, that comprise the Indo-Pacific Economic Framework for Prosperity (IPEF). While NPPC is supportive of the negotiations, it wants to see market access addressed to help gain market share in the region. Cohesive standard setting and adoption of international sanitary and phytosanitary standards will not be enough to allow U.S. pork producers to compete in the region.

The U.S.-Taiwan Initiative on 21st-Century Trade was launched in June 2022 to develop concrete ways to deepen the countries' economic and trade relationship. NPPC supports the negotiations and hopes ongoing trade-limiting restrictions can be resolved.

In 2021, Taiwan implemented new food safety labeling that targets the United States. Since then, U.S. pork exports have dropped to \$13 million in 2022 from \$54 million in 2020. During that same period, Taiwan increased its imports from U.S. competitors. NPPC is urging U.S. negotiators to use the existing U.S.-Taiwan Trade and Investment Framework Agreement as a mechanism to resolve these market access issues.

A decade ago, the rise of markets in Asia and the potential for more access in that region—deals such as the Trans-Pacific Partnership (TPP)—prompted the U.S. pork industry to expand. The industry constructed five new pork packing plants across rural America while the United States negotiated the TPP.

Looking Across the Pond

Since 2020, the United Kingdom has sought closer economic ties with the United States when it began its divorce (“Brexit”) from the European Union. Today, the UK is one of the world's top importers of pork, purchasing about \$2.5 billion of pork annually. But because of its numerous tariff and non-tariff barriers, the country imported just \$1.1 million—0.04 percent—of U.S. pork in 2022.

Considering the UK's population of 67 million and its cultural and culinary tastes are similar to those of the United States, a comprehensive trade agreement with the country would potentially offer a major increase in UK demand for U.S. agricultural products, including pork.

NPPC is supportive of U.S. talks with the UK but wants any trade agreement to include the elimination of tariff and non-tariff trade barriers on U.S. pork and a requirement that the UK adopt international production standards.

Preferential Trade Programs

Almost every FTAs the United States has concluded was made possible by the enactment of Trade Promotion Authority (TPA) legislation. TPA gives U.S. negotiators the ability to extract the best deals possible from trading partners. Without it, no country would be willing to make concessions to the United States for fear that Congress could subsequently demand more. That is why NPPC and nearly every other agricultural organization in the United States are in favor of Congress expeditiously reauthorizing TPA, which expired July 1, 2021. TPA lets U.S. Trade Representatives negotiate from a position of strength, prompting U.S. trading partners to cut to their bottom-line negotiating position.

The U.S. Generalized System of Preferences (GSP) expired on December 31, 2020. GSP, which provides nonreciprocal, duty-free treatment of goods exported to the United States from beneficiary developing countries, is also an important trade enforcement tool that gives U.S. trade negotiators leverage to address market access concerns if GSP-eligible countries do not meet statutory eligibility criteria set by Congress.

The U.S. pork industry has successfully used GSP as a mechanism to gain market access to key countries where negotiations have stalled. A good example of where GSP could be used as leverage is with Thailand, which has a *de facto* ban on U.S. pork. The country maintains high tariffs and several non-tariff barriers on U.S. pork despite getting duty-free access to the United States under the GSP. (Thailand is part of the IPEF talks.)

NPPC supports the renewal of GSP, so U.S. trade negotiators have another tool to get countries to eliminate trade restrictions on U.S. products.

Like GSP, the African Growth and Opportunity Act (AGOA) provides nonreciprocal market access for eligible sub-Saharan African countries, with duty-free access to the U.S. market for over 1,800 products. Currently, 36 countries are eligible for AGOA benefits. In 2015, Congress passed legislation modernizing and extending the program to 2025.

During the last AGOA negotiations, South Africa agreed to partially lift its ban on U.S. pork. However, since then, it has continued to impose multiple restrictions on the importation of pork, meaning very little has been exported to that country. As Congress looks to renew AGOA in 2025, discussions must include negotiations on full market access without restrictions.

Trade-Limiting Issues Affecting U.S. Pork Trade

Like much of agriculture, the pork industry is dealing with a lack of available workers. The labor shortage was already a problem before COVID and was further exacerbated by the pandemic. It is still an issue, with some farms facing job vacancy rates as high as 30 percent despite offering record-high wages and benefits. Further,

many pork packing plants lack enough workers to run second and/or Saturday and Sunday shifts, making it difficult for supply to keep up with demand, including for export markets.

Expanding the existing H-2A visa program to allow year-round agricultural workers, including packing plant workers, without a cap on the number of visas available is the only solution, given rural America's declining population. Currently, the visa allows only temporary seasonal labor.

A potential regulatory matter that also may affect trade is the USDA Food Safety and Inspection Service's proposed rule on "Product of the USA" labeling. Given that the regulation includes the same standard as a Country-of-Origin Labeling (COOL) statute that Congress repealed in 2015, there are concerns among the U.S. meat and poultry industries that Canada and Mexico will challenge the rule as an unfair non-tariff trade barrier with the World Trade Organization and be authorized by the WTO to impose retaliatory tariffs on the United States as they did on COOL.

ASF is another factor that could not only limit the U.S. pork trade but stop it outright. The swine-only viral disease has helped boost U.S. pork exports to some countries stricken with ASF, such as China and the Philippines. Now that it has been detected in the Western Hemisphere (the Dominican Republic and Haiti in mid-2021), ASF poses a bigger threat to the United States than it did when it was mainly confined to Southeast Asia and Eastern Europe. An outbreak here would reverberate throughout the farm economy. Not only devastating the pork industry but other U.S. proteins and the corn and soybean farmers who provide feed to livestock.

That's why the U.S. pork industry is working with USDA and other Federal agencies to help stop the spread of ASF and to prevent the disease from reaching the U.S. mainland. Following its detection in the Dominican Republic and Haiti, the Agriculture Department dedicated \$500 million in Commodity Credit Corporation (CCC) funds to prevent and prepare for ASF. More must be done to keep this high-mortality disease out of the United States.

To that end, NPPC is continuing to ask Congress to provide funding for additional staff for the USDA Animal and Plant Health Inspection Service's Veterinary Services field force, more money for the National Animal Health Laboratory Network (NAHLN) and support for U.S. Customs and Border Protection (CBP) stop agricultural contraband at U.S. ports of entry.

Additionally, the next farm bill should also include adequate funding for the agriculture industry's principal export promotion programs: the Market Access Program and the Foreign Market Development Program.

International Organizations

The United States must continue to be involved in international trade bodies, including the World Trade Organization (WTO) and the U.N. Food and Agriculture Organization's (FAO) and World Health Organization's (WHO) Codex Alimentarius, or Codex.

The WTO operates the global system of trade rules among 168 member nations and has a dispute settlement body for resolving trade disagreements. Codex sets international standards, guidelines and codes of practice to promote food safety and quality and fair trade. NPPC serves on the Codex committees covering veterinary drug residues, food hygiene, food labeling, import and export inspection and certification systems, and general practices.

Conclusion

The importance of trade to the U.S. pork industry and to the entire U.S. economy cannot be overstated. Exports account for nearly a quarter of U.S. pork production and contribute significantly to the bottom line of U.S. pork producers and to U.S. agriculture's balance of trade.

Free, fair and unfettered trade has helped the United States become an economic powerhouse. To maintain that position, the country must expand trade in existing markets and open new markets, and it must resolve issues that could negatively affect the ability to trade.

For the U.S. pork industry, that means: negotiating comprehensive trade agreements; expanding market access in Asian countries such as the Philippines and Vietnam; getting China to remove its retaliatory tariffs on pork; renewing U.S. preferential trade programs; addressing the country's labor shortage; keeping the United States free from ASF; and adequately funding the Federal agencies that deal with foreign animal diseases.

Growth in pork sales and other agricultural commodities largely lies outside the United States. America's farmers can tap that potential and continue to fuel the U.S. rural economy if they have access to foreign markets, access that's gained

through comprehensive trade agreements and international and domestic policies that allow for the free flow of goods.

The CHAIRMAN. Thank you, Ms. Stevermer. We got a gift of rain back home, so you couldn't plant corn, so it is great that you are able to be here and spend your time. We will move on now to Mr. Lantz. Welcome.

**STATEMENT OF MATT LANTZ, VICE PRESIDENT,
GLOBAL ACCESS, BRYANT CHRISTIE INC., SEATTLE, WA; ON
BEHALF OF INTERNATIONAL FRESH PRODUCE
ASSOCIATION; NATIONAL POTATO COUNCIL**

Mr. LANTZ. Thank you. Good morning, Chairman Finstad, Ranking Member Hayes, and Members of the Subcommittee. My name is Matt Lantz, and I am the Vice President for Global Access at Bryant Christie, Incorporated, a Seattle and Sacramento-based consulting firm dedicated to helping U.S. farmers export. For the past 24 years I have worked to open and maintain markets for U.S. fruit, vegetable, and nut growers. Our firm represents industries as diverse as potatoes, almonds, hops, berries, and tree fruit. My work is focused on tariffs, sanitary and phytosanitary barriers, and overcoming non-tariff barriers. We cooperate closely with the USTR, and USDA's FAS and APHIS. I would like to focus my presentation on two important issues for the horticultural sector. The first is the continuing and growing challenge of differing pesticide maximum residue levels around the world, and the second is the importance of the Technical Assistance for Specialty Crops program.

Differing pesticide MRLs are among the fastest growing and most challenging trade barriers all U.S. farmers face. A U.S. farmer can do everything right. They can follow the pesticide label, sustainably grow their crop, and keep meticulous records. The product can be perfectly compliant in the United States, but when they reach a foreign shore, because that country does not have a standard established, or that standard is more restrictive, the product can be rejected. Such costs of rejection are high. The shipment must be re-exported or destroyed, fees add up, and sanctions can be placed on the shipper. Beyond the shipper, entire industries may be subject to elevated testing and the public may lose confidence in the product, all for a product that is fully compliant in the U.S.

Originally, the United States was one of the few countries in the world that had MRL standards. Over the course of the last 20 years, numerous markets have transitioned to their own MRL systems. Let me give you an example. On January 1, 2022, the Korean Government implemented a new comprehensive MRL policy. It implemented a long transition policy that allowed sufficient time for many U.S. commodity groups to seek and establish hundreds of needed MRLs in Korea. Unfortunately, even with a smooth transition, issues can emerge. Just before Christmas 2021, I was contacted by the U.S. potato industry. Despite obtaining over 100 MRLs in Korea, an application for an important pesticide had not been made, and worse still, much of the 2021 potato crop had already been treated with the compound. There was a high risk of a residue violation, and over \$100 million worth of trade was at risk. Fortunately, working with the USTR, FAS, the U.S. Embassy

in Seoul, and the Korean Government, a new MRL was established in record time, 4 months, and there was a minimal trade disruption, but the potato industry was fortunate. Finding such a fast and workable solution is not often the case.

Perhaps the biggest challenge currently facing U.S. agriculture regarding MRLs is the European Union's pesticide policies. While the U.S. and most of the rest of the world considered hazard and risk in determining their MRLs, the EU only considers hazard. This conservative methodology is causing harm to U.S. and global exports. The upshot of the EU's policies is the reduction of thousands of MRLs to levels lower than U.S. and international standards. As a result, U.S. farmers exporting to Europe cannot apply needed crop protection products due to concerns. For example, the U.S. cranberry industry exports over \$80 million of product to Europe, but cannot use its most effective and widely used fungicide when shipping to Europe because of their reduced MRL. Moreover, the EU is seeking to export this methodology to other markets. If that is successful, we will all have major negative impact on U.S. agriculture exports.

MRLs are incredibly challenging, albeit somewhat dry, and USTR and USDA are now working hard to ensure that our exports are not hindered, which leads me to TASC. The Tactical Assistance for Specialty Crop Program is funded under the 2018 Farm Bill at \$9 million annually. Although smaller than the other grant programs administered by FAS, TASC plays a crucial role for specialty crop growers in addressing barriers that may emerge. Since its inception, TASC funds have been used to address a variety of trade issues, including MRLs. Crucially, TASC funds are used to ensure that anyone in the U.S. has access to the MRL Database. This database allows all U.S. growers to immediately know what the foreign MRLs are so issues can be avoided. Without this database, rejections of U.S. shipments would occur on a regular basis.

But TASC is not just for MRLs. It can be used for many trade barriers. Perhaps one of its greatest successes has been to assist with opening the Mexican market for U.S. fresh potatoes. In 2014, 3 weeks after the Mexican market opened, the Mexican potato growers filed ten court cases to halt all U.S. fresh potato imports. In response, the National Potato Council applied for TASC funds to hire experts in Mexico City to challenge this trade barrier. Their work culminated in the Mexican Supreme Court ruling unanimously in favor of U.S. potato exports in 2022. Without TASC, the market would remain closed. In the year since the market has opened our shipments have grown by 56 percent, in terms of value. TASC plays an important role in keeping specialty crops in key export markets. U.S. specialty crop growers know when an unexpected trade barrier emerge, TASC is an option. We urge its continued support. I would be happy to answer any questions about this or other issues. Thank you.

[The prepared statement of Mr. Lantz follows:]

PREPARED STATEMENT OF MATT LANTZ, VICE PRESIDENT, GLOBAL ACCESS, BRYANT CHRISTIE INC., SEATTLE, WA; ON BEHALF OF INTERNATIONAL FRESH PRODUCE ASSOCIATION; NATIONAL POTATO COUNCIL

Good morning, Chairman Finstad, Ranking Member Hayes, and Members of the Nutrition, Foreign Agriculture, and Horticulture Subcommittee. My name is Matt Lantz, and I am the Vice President for Global Access at Bryant Christie Inc. Bryant Christie is a Seattle- and Sacramento-based consulting firm that helps U.S. agriculture exporters open, access, and develop markets.

For the past 24 years, I have worked to open and maintain export markets for U.S. fruit, vegetable, and nut growers. Our firm represents industries as diverse as potatoes, almonds, hops, berries, and tree fruit. My work has focused on tariffs, sanitary and phytosanitary measures, and overcoming technical barriers to trade and non-tariff barriers. We cooperate closely with the U.S. Trade Representative's office and USDA's Foreign Agricultural Service and Animal [and] Plant Health Inspection Service, both here and with officials stationed in embassies around the world.

BCI's goal is to help U.S. farmers export. If allowed to compete fairly, America's fresh produce growers can compete with anyone.

I would like to focus my presentation on two important issues for the horticultural sector. The first is the continuing and growing challenge of differing pesticide maximum residue levels (MRLs) standards around the world. The second is the importance of the Technical Assistance for Specialty Crops (TASC) program.

MRLs

Differing pesticide Maximum Residue Levels are among the fastest growing and most challenging trade barriers U.S. farmers and exporters face. A U.S. farmer can do everything right. He or she can follow the label set forward by the Environmental Protection Agency (EPA) regarding pesticide use. He or she can responsibly and sustainably grow the product and keep meticulous records. His or her product can be perfectly compliant with all U.S. regulations, but because a foreign market either has not established a standard or has set a MRL at a more restrictive level than the U.S., that product can be rejected when it arrives in a foreign port.

The costs of such a rejection are high. The shipment must be re-exported or destroyed, demurrage fees can add up, and sanctions can be placed on the shipper. Beyond the individual shipper, entire industries may be subject to elevated testing and the public may lose confidence in the product—all for a product that is safe and fully compliant in the U.S.

Originally, the United States was one of the few countries in the world that had its own MRL standards. Over the course of the last 20 years, numerous markets have transitioned to their own MRL systems. As a result, U.S. ag industries must seek MRLs in such markets or risk serious economic consequences.

Let me give you an example of how this plays out. Over the course of about 7 years, the Korean Government established a positive MRL list. They provided ample time for commodity groups, registrants, and foreign governments to seek new MRLs in Korea. During the transition period, temporary MRLs were in place. On January 1, 2022, Korea implemented its new policy and all temporary MRLs were removed.

Korea's long transition allowed sufficient time for many U.S. commodity groups to establish hundreds of needed MRLs in Korea.

Unfortunately, even with a smooth transition, issues emerged. Just before Christmas in 2021, I was contacted by the U.S. potato industry. Despite obtaining over 100 potato MRLs in Korea, an application for an important pesticide had not been made. Worse still, much of the 2021 potato crop had already been treated with the compound. There was a high risk of a residue violation. Over \$100 million worth of U.S. potato exports to Korea were at risk.

Fortunately, working with the U.S. Trade Representative's office, USDA's Foreign Agriculture, Service (FAS), the U.S. Embassy in Seoul, the new registrant, and the Korean Ministry of Food and Drug Safety, a new MRL was established in record time and there was minimal trade disruption. The U.S. potato industry was fortunate. Finding a fast and workable solution is not often the case.

Perhaps the biggest challenge currently facing U.S. agriculture regarding MRLs is the European Union's pesticide policies. While the U.S. and most of the rest of the world consider both hazard and exposure when determining a MRL, the EU only considers hazard in its risk assessment. This conservative methodology based on the precautionary principle is causing harm to U.S. and global exports to Europe.

The upshot of the EU's policies is the reduction of thousands of MRLs to levels significantly lower than U.S. or international levels. As a result, U.S. farmers cannot apply needed crop protection products due to concern of a potential violation. The U.S. cranberry industry, for example, exports over \$80 million annually to Eu-

rope, but cannot use its most effective and widely used fungicide because the EU reduced the MRL.

Moreover, the EU is seeking to export its methodology to third markets. To quote the Farm to Fork strategy, "It is also clear that we cannot make a change unless we take the rest of the world with us." If successful, this will have a major negative impact on U.S. agriculture exports.

MRLs are incredibly challenging, and USTR, USDA/FAS, and our embassies around the world are working hard to ensure that U.S. agriculture is not hindered due to this complicated issue. Which leads me to TASC.

Technical Assistance for Specialty Crops (TASC) Program

TASC is funded under the 2018 Farm Bill at \$9 million annually. Although significantly smaller than other programs administered by USDA/FAS such as the Market Access Program or Foreign Market Development, TASC plays a crucial role for specialty crop growers in addressing trade barriers that emerge.

Since its inception, TASC funds have been used to address a variety of trade barriers, including MRLs. Industries such as cherries, blueberries, and citrus, all used TASC funds to ensure needed MRLs were established in Korea.

Crucially, TASC funds are used to ensure that anyone with an U.S. IP address has a subscription to the MRL Database owned by the company Food Chain ID. This database allows U.S. growers and shippers to compare current U.S. and foreign MRLs so issues can be avoided. Without this database, rejections of U.S. agriculture shipments would occur on a regular basis.

TASC is not just for MRLs, though. It can be used to address many trade barriers facing U.S. specialty crops.

Perhaps one of TASC's greatest successes has been to assist with opening the Mexican market for U.S. fresh potatoes. Three weeks after Mexico opened its market for U.S. potatoes beyond the border zone in 2014, Mexican potato growers filed a series of injunctions to halt all U.S. fresh potato imports. Ten court cases were filed simultaneously to keep the market closed.

In response, the National Potato Council applied for TASC funds to hire experts in Mexico City to fight this trade barrier. Their work culminated in the Mexican Supreme Court ruling unanimously in favor of U.S. potato access in April 2022. Without TASC, the market would remain closed. In the year since the market opened, U.S. fresh potato exports to Mexico have grown from \$56 million to \$85 million, an increase of 56%.

TASC funds are also used to host necessary foreign delegations to open or maintain a market, to conduct research to address trade barriers, and to challenge non-tariff barriers.

The Specialty Crop Farm Bill Alliance supports the continuation of this program at \$9 million annually. It is important, however, that the funds be used exclusively for specialty crops as they were originally defined in the Specialty Crop Competitiveness Act of 2004 and understood in the current authorizing language. Due to improvements in the program made in the 2018 Farm Bill and recommended by the SCFBA, TASC is now fully utilized. However, since that time, additional commodities have been granted access to TASC. Allowing non-specialty crops access to the program has a negative impact on actual specialty crop producers. The SCFBA maintains that non-specialty crops should not be eligible for TASC.

Without TASC, U.S. specialty crops would be at a disadvantage. The program is ably administered by USDA's Foreign Agricultural Service. It plays an important role in keeping U.S. specialty crops in key export markets. U.S. specialty crop growers know when an unexpected trade barrier emerges, TASC is an option to address any issue they might face.

Thank you for your consideration of these two issues, I look forward to answering any questions you might have about these or other related topics before the Committee.

The CHAIRMAN. Thank you, Mr. Lantz. Now I would like to welcome Ambassador Doud. Please go ahead.

STATEMENT OF HON. GREGORY DOUD, FORMER AMBASSADOR; VICE PRESIDENT OF GLOBAL SITUATIONAL AWARENESS & CHIEF ECONOMIST, AIMPOINT RESEARCH, A DIVISION OF DIRECTIONS RESEARCH, INC., COLUMBUS, OH

Mr. DOUD. Good morning, Chairman Finstad, Ranking Member Hayes, distinguished Members of the Subcommittee, thank you for

the opportunity to appear before you today to share my perspectives on the future of U.S. agricultural export opportunities. The future for U.S. agricultural exports is bright, assuming that supportive trade, farm, and regulatory policies are in place. Much has been accomplished over the years which allowed U.S. ag exports last year to reach a record \$196 billion. But there is more work to be done, and the strategy, going forward, must seek to leverage every opportunity to increase U.S. market access, despite the absence of Trade Promotion Authority. TPA would certainly be preferable to a successful strategy to enhance U.S. ag exports, and I agree with those who believe bilateral trade agreements with the United Kingdom and Kenya should be pursued. However, there are still many important ways to make progress and improve market access, even without TPA.

I could give many examples over the years where SPS issues have been resolved via the sheer fortitude of our incredible government officials at USTR and the USDA's Foreign Agricultural Service, in coordination with the many cooperator programs that leverage farmer paid check-off dollars in combination with taxpayer funds. The return on investment of these funds, used in combination with the FMD, MAP, and the TASC Program have been without a doubt our best investment in the future of U.S. agriculture. The surest way to increase U.S. ag exports in the future is to expand upon these hugely successful programs. I also think the creation of the Under Secretary of Trade position at USDA has been a marvelous strategic decision, further elevating the importance of ag trade within the USDA and the U.S. Government.

Going forward, we need other countries to understand that the U.S. is willing to make agricultural trade a priority with our relationship. We need infrastructure improvement, both domestically and in our customers' countries, such as improvement in cold chain infrastructure and technologies. We have a tremendous advantage in value-added agricultural exports, and much work is yet to be done to reach our potential in this area, to continue and expand on the excellent work that has been done by USTR and USDA in the past decade to help countries utilize and understand the critical importance of international standard setting bodies such as Codex to foster the acceptance of technology and innovations in agriculture.

For the past couple of years, I have worked for Aimpoint Research. We specialize in helping firms in agriculture understand what is going to happen 5, 10, 20 years out. The pace of change regarding technology in agriculture today is unbelievable, and it is rapidly accelerating. The challenge will be how our customers and their governments accept and adapt to these new technologies. We must not allow the recalcitrance of a few to inhibit the way forward. As I explained to my Chinese counterpart during the Phase One negotiations, the U.S. will never apologize for pursuing new technologies in agriculture. To be successful, this topic of technology and innovation will still fall back on the basic principles of international trade. You have to work with your customers and have that relationship. There is a role for all of us here to play in this effort.

The U.S. private-sector spent \$12.3 billion pursuing new innovation and technology in agriculture in 2021 and \$10.6 billion last year. My most pressing concern, however, is getting our government, and other governments around the world, to approve these technologies so these innovations, which improve the environment, safety, and nutrition of the food we produce for consumers everywhere, can be commercialized. Given recent regulatory developments in Canada and South American countries, the U.S. is falling behind in this aspect. The U.S. Government must expeditiously implement regulatory frameworks for new technologies that are risk proportionate and accessible to all types of entities, big and small, public and private.

I share the view of many who believe the greatest opportunity ahead involves our ability to grow and export protein, all types of protein, all around the world. Over the next 10 years, the supply of protein in the world will not come anywhere near meeting the demand. Without question, the country that can best meet this demand is the United States. This opportunity is ours for the taking, and if we start today, and set up a winning strategy to meet this challenge. As a partner in a cow-calf operation myself, I look forward to being a part of this strategy, and this great nation's ability to meet this global demand for agricultural exports. Thank you, Mr. Chairman. I look forward to your questions.

[The prepared statement of Mr. Doud follows:]

PREPARED STATEMENT OF HON. GREGORY DOUD, FORMER AMBASSADOR; VICE PRESIDENT OF GLOBAL SITUATIONAL AWARENESS & CHIEF ECONOMIST, AIMPOINT RESEARCH, A DIVISION OF DIRECTIONS RESEARCH, INC., COLUMBUS, OH

Subcommittee Chairman Finstad, Ranking Member Hayes, and distinguished Members of the Subcommittee on Nutrition, Foreign Agriculture and Horticulture, thank you for the opportunity to appear before you today to share my perspective on the future of U.S. agricultural export opportunities for American's farmers and ranchers.

The future for U.S. agricultural exports is bright, assuming that supportive trade, farm, and regulatory policies are in place and that we invest in our infrastructure in ways that facilitates these exports. For the vast majority of the past 3 decades, I have worked in various capacities in and out of government on a multitude of export market access issues across many agricultural commodities. During this time U.S. farmers and ranchers have struggled to gain market access internationally due to high tariffs, and many difficult non-scientific sanitary and phytosanitary (SPS) trade barriers. These barriers are long standing, for example China blocking all wheat produced in the U.S. Pacific Northwest due to TCK and the very first ever trade case at the World Trade Organization (WTO) *versus* Europe over beef hormones.

Much has been accomplished over the years, which allowed U.S. ag exports to reach a record \$196 billion last year. However, there is still so much more work to be done. The strategy going forward must seek to leverage every opportunity to increase U.S. market access despite the absence of Trade Promotion Authority (TPA). TPA would certainly be a preferable element of a successful strategy to enhance U.S. agricultural exports and I agree with those who believe bilateral trade agreements with the United Kingdom and Kenya should be pursued. However, there are still many ways to make progress and improve market access, even without TPA.

A free trade agreement negotiation with the United States is not an easy objective for any country. I believe many in agriculture underestimate the effort, including the engagement with Congress, that is necessary to bring such an initiative to a successful conclusion. I've been involved, as a cleared advisor or as a government official, in ten different negotiations. They're a heavy lift but bilateral trade deals have provided enormous benefits over the years. Personally, I am most proud of the agreement we have with Japan and the long-standing relationship between U.S. farmers and ranchers and Japanese consumers.

In my experience, it can take about 10 years before we typically begin to fully realize the market access stipulated in most of the bilateral trade agreements we have completed. This, combined with the fact that our competitors have been much more aggressive than we have in terms of pursuing bilateral deals to the strategic benefit of their farmers, is why we cannot continue to sit idly by as global agricultural commodity market access gets carved up.

I could give many examples over the years where SPS issues have been resolved via the sheer fortitude of our incredible government officials at USTR and USDA's Foreign Agricultural Service in coordination with the many cooperator programs that leverage farmer paid check-off dollars in combination with taxpayer funds. The return on investment of these funds, used in combination with USDA's Foreign Market Development (FMD) program, Market Access Program (MAP), and Technical Assistance for Specialty Crops (TASC) has been without a doubt our best investment in the future of U.S. agriculture. The surest way to increase U.S. agricultural exports in the future is to expand upon these hugely successful programs so that we may expand our ability to find and develop new markets around the world. I also think the creation of the Under Secretary of Trade position at USDA has been a marvelous strategic decision, further elevating the importance of agricultural trade within the USDA, and the U.S. Government.

Going forward we need:

- Other countries to understand that the U.S. is willing to make agricultural trade a priority in our relationship.
- Infrastructure improvement—both domestically and in our customers' countries—such as improvement in cold chain infrastructure and technologies. We have a tremendous advantage in value-added agricultural exports and much work is yet to be done to reach our potential in this area.
- To continue and expand on the excellent work that has been done by USTR and USDA in the past decade to help countries utilize and understand the critical importance of international standard setting bodies such as CODEX to foster the acceptance of technological innovations in agriculture.

I understand that some may be disappointed that I am not including the World Trade Organization (WTO) in terms of an improved market access strategic objective. I can appreciate this, but frankly as long as China and/or India can unilaterally crush such efforts, the WTO is going to continue to be a frustrating place to realize achievement. A new approach is needed at the WTO if there is to be any possibility of making progress in this important multilateral forum.

For the past couple of years, I have worked for a firm, Aimpoint Research, that specializes in advising agricultural firms regarding future trends in agriculture—5, 10, 20 years out. The pace of change regarding the technology utilized in today's food industry, both in the U.S. and internationally, is rapidly accelerating. New products come to market practically every day. I have every confidence that U.S. producers, processors, and exporters will utilize these technologies to not only increase production but also to improve the quality of food for consumers all over the world. However, this assumes they have the resources, tools, and appropriate regulatory framework in place to do so.

The challenge will be how our customers, and their governments, accept and adapt to these new technologies. We must not allow the recalcitrance of a few to inhibit the way forward. As I explained to my Chinese counterpart during the Phase One negotiations, we will never apologize for pursuing new technologies in agriculture. To be successful, this topic of technology and innovation in producing more, better, safer, and more sustainable food will still fall back on the basic principles of international trade. We must continue to foster our relationships and build trust with our customers. There is a role for all of us to play in this effort.

The U.S. private-sector spent \$12.3 billion pursuing new innovation and technologies in agriculture in 2021 and \$10.6 billion in 2022. My most pressing concern is getting our government and other governments around the world to approve these technologies so these innovations, which improve the environment, safety, and nutrition of the food we produce for consumers everywhere, can be commercialized. Given recent regulatory developments in Canada and South American countries, the U.S. is falling behind in this aspect. The U.S. Government must expeditiously implement regulatory frameworks for new technologies that are risk proportionate and accessible to all types of entities, big and small, public and private.

I share the view of many who believe the greatest opportunity ahead involves our ability to grow and export protein, all types of protein, including meat, dairy, and plant-based, around the world. Over the next 10 years, the supply of protein in the world will not come anywhere near meeting global demand. Without question, the

country that can best meet this demand is the United States. This opportunity is ours for the taking, if starting today, we set upon a winning strategy to meet this challenge.

As a partner in a cow-calf operation myself, I look forward to being a part of this strategy and this great nation's ability to meet this global demand.

The CHAIRMAN. Thank you, Ambassador Doud, and thank you all for your testimony, and for being here on this very important topic. At this time Members will be recognized for questions in order of seniority, alternating between Majority and Minority Members, and in order of arrival for those who joined us after the hearing convened. You will be recognized for 5 minutes each in order to allow us to get through as many questions as possible. So I will recognize myself for 5 minutes.

So, Ms. Stevermer, thank you for noting in your testimony the urgent importance of preparedness in response to African Swine Fever. We must take the devastating consequences of this threat to our farm and food security seriously through an all of government approach. According to a recent report by Iowa State University, if African Swine Fever were to reach our shores, it would cause an immediate 40 to 50 percent reduction in U.S. hog prices, and up to \$15 billion in industry losses over the first 2 years. Would you walk the Subcommittee through the impact on trade if ASF were to hit the United States?

Ms. STEVERMER. Thank you, Representative Finstad. First of all, I would say that the introduction of a foreign animal disease, such as ASF, would mean the loss of family farms. That is because, as you alluded to, it stops exports, which is 25 percent of our pork right now, and was worth \$61 a head last year in 2022, so that is lost revenue. But ASF doesn't just affect pork producers. It affects corn and soybean meal farmers, because there are fewer pigs to eat their products. It goes even further than that, and it affects agribusiness, because now feed suppliers, equipment suppliers, building suppliers, have customers, like pork producers, that have fewer pigs and lost income. So it is a ripple effect, and it is affecting our rural economy, or would affect our rural economy. And, quite honestly, the thought AFS—excuse me, ASF on our shores is one of the most concerning things to me as a pork producer, and someone involved with agribusiness.

The CHAIRMAN. Thank you for that. As you well know, in southern Minnesota we have counties that have more pork than people, so it is definitely important to our district, and really to our country. Moving on, Ambassador Doud, as you know, the Mexican Government's decree banning biotech corn imports for human consumption is a red line for many corn growers in southern Minnesota. We must take the necessary steps to hold Mexico to their agreements under the USMCA, and, as you mentioned in your testimony, it is critical that we defend science-based trade. Until now, and never before in the history of trade in GMOs, has a country singled out a crop for import ban. Do you believe countries like the EU and UK are closely watching how we address the Mexican decree?

Mr. DOUD. Well, I think the EU is always watching; because, they use these issues as a non-tariff trade barrier to keep products out. I think in the case of Mexico, though, this is a play of political domestic consumption, not—I don't think it matters, really, what

the science is to AMLO (Andrés Manuel López Obrador), and he is going to continue to do this, which makes my point of what I want to say here very important.

These enforcement mechanisms in these trade agreements, and we put a lot of effort into this brand-new enforcement mechanism in the USMCA, is critical. We need to use them. I think we are going to use them in this case, and that component of what we do in our trade policy is very, very important, because folks are going to cheat. They are going to try to cheat. Well, Canada, in dairy, is doing the same thing, and we need to use the teeth in these agreements to get where we need to be at the end of the day.

The CHAIRMAN. Yes. Thank you for that. I will close up here with one last question. So, at the end of May the Biden Administration launched the Indo-Pacific Economic Framework, and our farmers have spent several years expressing the importance of end market potential, and fair access to the Indo-Pacific region. It was disappointing to see the framework does not include market access provisions, including tariff reductions for U.S. agriculture exports. While other countries are moving aggressively to gain market access, the Biden Administration has refused to engage.

So, Mr. Griffith, would you speak to how farm country benefits from pursuing trade agreements that reduce or eliminate tariffs, resulting in true market access for U.S. ag exports?

Mr. GRIFFITH. Thank you, Chairman Finstad, for that question. Market access, specifically through tariff reduction activity, is greatly beneficial to agribusiness and farmers. It can have an oversized impact on the general health of the agriculture economy. U.S. farmers need markets to sell what they grow, and 95 percent of consumers are outside of the United States, so exports are critically important. We have seen time and again that even a marginal improvement to market access tends to make a disproportionate positive impact in improvements to commodity prices that are felt all the way back to the farm. So every bit of effort in this regard, albeit small or large, is cumulative, and important to, and impactful to the farm gate, and prices of commodities.

The CHAIRMAN. Thank you for that, and thank you all again for being here. We will move on to Ranking Member Hayes.

Mrs. HAYES. Thank you, and thank you all for being here today. Predictably, I would like to speak about nutrition. A significant barrier to nutritious food is cost. However, a stable agricultural market can also keep food prices stable. Mr. Griffith, the invasion of Ukraine by Russia has made a significant impact on global food security, especially with access to grain in Northern Africa. How has this impacted U.S. grain trade, and did the extension of the Black Sea Grain Deal help to stabilize markets?

Mr. GRIFFITH. Thank you for the question, Congresswoman. The extension of the Black Sea Trade Corridor absolutely greatly contributes to food security, and to those areas. The Ukraine is a significant and an important producer of agricultural products to the world, and we certainly are supportive of the extension of that activity. The conflict in general in the Ukraine, obviously, has disrupted global trade and tightens up global supply and demand economics, and other countries have been benefactors of that, including the United States.

One of the things that is important about the United States agricultural supply chain, and the work that we do together as public and private members, is have the most reliable, secure supply chain and agriculture support and export system in the world. And when there is disruption in the world, buyers come to the United States, which I think is good evidence of the work that we do together, and that we should do more of it.

Mrs. HAYES. Thank you. Many specialty crop growers face unique challenges in developing product export markets. Climate, pests, disease, and trade barriers can make work harder for U.S. producers. The U.S. exports of specialty crops reached \$24.9 billion in Fiscal Year 2021, accounting for 14.5 percent of total U.S. agricultural exports. USDA programs like Technical Assistance for Specialty Crops, or TASC, can support the sale of specialty crops abroad. Specifically, TASC funds projects that address sanitary and phytosanitary issues, or technical barriers to trade that threaten U.S. specialty crops. In the past, USDA has awarded grants to help increase the shelf life of produce, fund research, and detect pathogens to help navigate foreign regulations.

Mr. Lantz, I have heard that TASC can be challenging to navigate. What can Congress do to streamline participation in TASC, and what efforts can be made specifically to this program as we enter the next farm bill?

Mr. LANTZ. Thank you for the question, Congresswoman. TASC, as I mentioned in my testimony, is incredibly important for specialty crop growers. TASC utilization has increased significantly in the recent years, and it has become more streamlined. The challenge with using TASC is we don't always know what the trade barrier is going to be. The fact that it is there is a safety net. I think that TASC is ably administered by FAS, and I get a lot of TASC grants and work on a lot of them with groups, but the knowledge that it is there, and its usage for specialty crop growers, continues to be important, and I think it needs to continue to be funded at the levels. As far as improvements, I think the improvements have already been made, as you can see from the usage of the product—or of the grant. Thank you.

Mrs. HAYES. Thank you. I think one of the things that I am particularly interested in looking at, because we have heard it across every sector on every issue, is navigating these programs, modernizing the way people access these programs, and really streamlining the information that surrounds all of these programs, so any assistance that any of the members of the panel can give in this area would be greatly appreciated, because our efforts should include making these programs easier to access, not more difficult, at the Federal level. With that, I yield back. Thank you so much for your time.

The CHAIRMAN. I now recognize the gentleman from Georgia, Mr. Scott, for 5 minutes.

Mr. AUSTIN SCOTT of Georgia. Thank you, Mr. Chairman. And, Mr. Lantz, you answered my first question, because it was on TASC just then, so, Mrs. Hayes, I appreciate you asking it. I had the same question about how it helps. And Ms. Stevermer, you mentioned something that I hope the public picks up on, is that if African Swine Fever made its way to the shores of this country, it

wouldn't just impact the pork producers. It would have a devastating impact on commodity prices of corn, and anything else that is used in feed of our pork population. And that is something I think that maybe we don't pay enough attention to, is the risk of disease coming into the country, and the impact it would have on the ag and ag markets.

Mr. Griffith, moving to you, you mentioned new trade alliances. And you mentioned, in the context of new trade alliances between countries other than the United States, I believe, is that correct?

Mr. GRIFFITH. New trade alliances around the world other than the United States, yes.

Mr. AUSTIN SCOTT of Georgia. The Biden Administration, President Biden, has referred to FTAs, or free trade agreements, as 20th century tools. I don't agree with his assessment of that. Do you think that free trade agreements are 20th century tools? Are they useless?

Mr. GRIFFITH. No, I would not say they are useless, but I might yield the question to Ambassador Doud to talk about trade policy.

Mr. AUSTIN SCOTT of Georgia. Yes, I was going to ask him the same thing. But if I could finish with you, Mr. Griffith, other countries, including our adversaries, are overshadowing—seem to be overshadowing U.S. agriculture commodities in the world market. Due to the current approach to trade, and other issues, how have you seen export markets and trading practices shift with this new attitude from the Biden Administration towards agricultural trade?

Mr. GRIFFITH. Well, as I said in testimony, other countries outside of the U.S. are forging trade agreements in a dynamic market like global commodity trade, and the long runway that it takes to ramp up trade agreements, the activity on this, and being diligent, and deliberate, and continuous, is critically important, that we continue to be active, and we support those type of activities, because of the time it takes to implement, and the time to get to impact, and the long times it takes to actually negotiate those deals.

Mr. AUSTIN SCOTT of Georgia. Yes. I think one of the key words you mentioned there is *continuous*. This doesn't stop. When you have a change of Administrations, you can't simply undo what the previous Administration did because you don't like the name or the person. Not doing anything in the last 24 months I think is going to have long-term lasting impacts on our ag exports.

Mr. Doud, moving to you, do you believe that FTAs are an outdated tool? How have you seen the principles of science, technology, and innovation be implemented by our existing trade practices, and what room for improvement would you suggest?

Mr. DOUD. I definitely do not think they are an outdated tool. I do think they are a heavy lift. They are an enormous amount of work. They have to be a top priority of the Administration, and many of you know, once we negotiated USMCA, Ambassador Lighthizer, Ambassador Mahoney, and myself, we were up here for hundreds of meetings to work through this process of getting Congress to pass these deals. But once you get one passed, here is the important thing, USMCA is the gold standard. It sets the tone for everybody else in the world to see how we deal with regulatory issues in agriculture, SPS issues, technology issues. And now we have something going forward that we can show other folks. The

challenge is that it is difficult to do something like that, a gold standard agreement, with somebody like Kenya. And so you have to have flexibility working back and forth, and that is a great challenge that we have, but they are absolutely worth the effort.

Mr. AUSTIN SCOTT of Georgia. Thank you all for being here. Mr. Chairman, I yield back.

The CHAIRMAN. I now recognize the gentleman from Massachusetts, Mr. McGovern, for 5 minutes.

Mr. MCGOVERN. Well, thank you very much, and congratulation, Chairman Finstad, on your first hearing. This is an important Subcommittee, and I look forward to working with you, and colleagues on both sides of the aisle, to make sure that we get a farm bill with a very strong and robust nutrition title. However, I do want to associate myself with the opening remarks of our Ranking Member. There are 35 million Americans that are hungry. This is a huge issue, and it needs to be prioritized, and I think there needs to be some greater urgency. There is a narrative out there that some are pushing that, quite frankly, in my opinion, does not represent the reality, and I fear that issues that fall under the jurisdiction of this Committee are being determined by other committees.

Two weeks ago, during the consideration of the Republican deficit reduction bill in the Rules Committee, I was shocked to hear the Chairman of the Ways and Means Committee and the Chairman of the Budget Committee talk about their bill, which would have negatively impacted SNAP, but unable to answer the most basic questions: including they were unable to answer a question about how much the benefit was. I think it is important that we do more in this Subcommittee quickly, because we all want a farm bill, and we all want to make sure that nobody in this country goes hungry, and any farm bill that hurts vulnerable people, I think we all should understand, is going nowhere.

Now, this is a hearing on trade, and I want to thank the witnesses for being here, and there are some important ties to food security. The Commerce Department is engaged in ongoing anti-dumping duty investigations into 10 mill products from eight countries. I am concerned about the impact that imposing tariffs can have on manufacturers and consumers at a time of already high inflation and grocery prices. Food insecurity sits at its highest level in 4 years due to record inflation and the expiration of pandemic-era aid. This is according to The Urban Institute. For households with children, the problem is especially acute. Increased costs for canned goods would particularly impact vulnerable populations; as well as food banks, and consumers who rely on government nutrition and feeding assistance programs, such as SNAP and WIC. Studies estimate that tariffs are expected to raise canned food prices by 19 to 30 percent, which is equivalent to 36¢ to 58¢ per can. Based on the average purchase of 7.1 canned items per week by SNAP/WIC recipients, this could be equivalent to more than \$16 out of the monthly allowance.

So my question, for any witness, is how can we limit the negative impact of trade decisions downstream that contribute to rising grocery prices, like the recent consideration of tariff duties that would increase the cost of canned food products? Ambassador?

Mr. DOUD. Am I the default here? Okay.

Mr. MCGOVERN. Well, you get—

Mr. DOUD. So, Congressman, that is a great question, and the answer is in—when you are—and I have a Master's Degree in Agricultural Economics, where you study this, and you say this is the right answer, and consumers pay those tariffs, all other things being equal. But, Congressman, the answer in this case is that all other things are not equal because you have the Communist Party of China with their thumb on the scale, where they are subsidizing—they are maintaining these industries to dominate these industries, and something has to be done. Or they are—or you are going to—and particularly in the case aluminum and steel, you are not going to have a domestic industry whatsoever. And so it is a crude instrument, tariffs are, to deal with these issues, but, frankly, it was the only tool in the toolbox, and it was something that had to be done.

Mr. MCGOVERN. Mr. Lantz, do you have anything you want to add to that?

Mr. LANTZ. I don't. It is not one of my areas of expertise.

Mr. MCGOVERN. Anyone else want to comment? Yes.

Ms. STEVERMER. I would just say that, as a pig farmer, I have had the opportunity to visit with a lot of consumers at city festivals, state fairs, health expos. Pork is a wholesome, nutritious, and economical source of protein. I understand your concerns with nutrition, and people needing a wholesome, economical source of protein, and I just like to remind people that that is where pork fits in. I think it is part of a nutrition program, whether it is as an individual, or as part of a national program, and just support healthy labels that allow us to consistently have—or that are based on current nutrition science.

Mr. MCGOVERN. Well, I—I am not—I like pork too, so I am not here to—I mean, I am just trying to make the point that some of these—some of our actions kind of—at the trade level could have an adverse impact on the very people who, quite frankly, are struggling with food insecurity right now. And so, if the cost of a can increases substantially, and we are not increasing people's benefits, that means people have access to less food. So that is—I don't know whether anyone else wants to add anything, but, in any event, I think I am out of time, so thank you very much.

The CHAIRMAN. I would now like to recognize the Chairman of the Committee, of the full Agriculture Committee, Mr. Thompson, for 5 minutes.

OPENING STATEMENT OF HON. GLENN THOMPSON, A REPRESENTATIVE IN CONGRESS FROM PENNSYLVANIA

Mr. THOMPSON. Well, thank you, Mr. Chairman, and Ranking Member, for this important Subcommittee hearing on trade. I want to thank our witnesses for sharing their time and their expertise. Agriculture is the backbone of most of the world's economies, and heavily relies on international trade, which helps farmers back home and abroad increase their revenue, expand their business opportunities, and, most importantly, feed, clothe, and fuel the world. Trade is also a vital lifeline for rural America. Increased export opportunities often led to job creation, wage growth, and improved communities. Many of you have heard me talk incessantly about

how important science, technology, and innovation are to trade, and agriculture, and trade competition can act as a catalyst for innovation and production techniques as well, not to mention a host of other areas contributing to the resilience of U.S. agriculture.

I have just a couple questions here, one a really current one. In 2020 Mexico published a Presidential decree—I guess in our country that would be an Executive Order, at least that is how it was explained to me from folks from Mexico, actually, so kind of pretty unilateral. And it was on genetically modified corn, saying that it would ban GM corn and the use of herbicide glyphosate by January 31, 2024. Earlier this year Mexico modified its decree by eliminating the deadline to ban GM corn for animal feed and industrial use but left in place its plans to ban GM corn use for dough or tortillas.

These actions lack science-based evidence and appear to be in violation of the United States-Mexico-Canada agreement, commonly referred to as USMCA. I was pleased to see USTR request technical consultations under the sanitary and phytosanitary major chapter of USMCA, but I remain concerned about the potential fallouts that could occur if this action is not corrected. Ambassador Doud, are you concerned that these types of protectionist measures, ones that are not based in real science, will become more prevalent worldwide if the dispute with Mexico not swiftly resolved?

Mr. DOUD. Mr. Chairman, that is a great question, and the answer is I am very concerned about countries adopting technology in agriculture, period. We have a mountain of new technology coming at us all of the time, but one of the greatest technologies and innovations in the last 40 years, the OG of climate-smart agriculture, is glyphosate, Roundup. I can't imagine what we would do in a world without that technology today. What it does for us in terms of soil erosion, water quality, conservation, the use of cover crops, the use of no-till technology, is all dependent upon that technology of many, many years ago. And the fact that now we have all of these new technologies coming in behind this, we have to be able to help regulators in countries around the world understand this use of technology in order to be successful.

Mr. THOMPSON. Well, thank you for that. In one of our listening sessions, roundtable we did recently in North Carolina, we had a chance, just by happenstance, sat down and had breakfast with the ambassador from India to the United States. Mr. Griffith, earlier this year the U.S. was joined by Australia, Canada, Paraguay, Thailand, and Ukraine in filing a counter-notification with the World Trade Organization that documents how India's subsidies to their rice and wheat farmers far exceed allowable limits, effectively allowing them to sell their commodities to the rest of the world at lower than world market prices. With your experience in global commodity trading, can you share with us how India's over-subsidization impacts U.S. grocers, and are you supportive of a formal dispute process to ensure India is compliant with their WTO commitments?

Mr. GRIFFITH. Thank you for the question. I will say, just generally, we are supportive of free and fair trade, and the mechanisms to get there, to support that type of global activity. I would prefer to maybe yield to Ambassador Doud about the trade topic

specifically from a policy perspective, because I think he is better suited to answer the question, or we could follow up.

Mr. THOMPSON. Well, why don't we follow up at this time, since my time has expired.* If we could have those communications outside of here, that would be great. I will just share that the ambassador from India was—we sat for a 2 hour breakfast in Cary, North Carolina. We just happened to be there at the same time, and he expressed a significant desire to improve trade with the United States. So thank you, Mr. Chairman.

The CHAIRMAN. I now recognize the gentlewoman from Texas, Ms. Crockett, for 5 minutes.

Ms. CROCKETT. Thank you, Mr. Chairman, and thank you to all of the witnesses today for taking the time to be here. We have heard a lot about the importance of paving the way for exports, and as a Texan, I get it. In Texas we export more than any other state, so believe me when I say I hear you all, we need these export programs. I know how important things like FMD and MAP are. I also know that, as a freshman, these hearings have been so useful for me, getting to hear from people really affected by the policies we are debating here in D.C.

We have had great conversations about many of the titles we are reauthorizing in the farm bill, and I am excited to turn our attention to Title III. But I hope that we can augment our panel today by hearing from the Administrators of the critical food, aid, and international exchange programs also housed in Title III. These programs not only represent cornerstones of developing economies, but also of U.S. foreign policy. They represent lifelines to opportunity. These programs are an essential part of the farm bill. So, Mr. Chairman, I am requesting that we convene another hearing, or even consider a listening session abroad, so that we can hear from all Title III stakeholders and beneficiaries. But that is for a future time. Right now I appreciate all of the witnesses who came here today.

You have already spoken about the need to fund our Market Access Program, but I also want to talk about some no-cost measures. We are hearing a lot about the difficulty of starting a farm today. It is critical that we get new folks into farming, which means addressing the considerable barriers to entry. Specifically, I want to focus on the trade component. As a new farmer, it can be difficult to use these programs to access foreign markets. So my first question, for each member of this panel, is what is your organization doing to get new farmers into the export market, and how can Congress assist you?

Mr. LANTZ. Thank you for the question. I work with many different agricultural groups, and most of those are commissions or boards, and typically they have growers or farmers who are part of those, and then they have trade committees. And they can join these trade committees, and I report to a lot of them on what the opportunities are. So that is incredibly important, is first knowing the lay of the land, and where they can possibly export. From there, these organizations provide assistance. They provide trade leads, where somebody might, from Taiwan, say, hey, we are look-

* Editor's note: the information referred to is located on p. 51.

ing for this product that these commissions represent. They will put out a trade lead, and then they will try to assist them. The Market Access Program, these other programs that we have been mentioning, are all educational programs to help folks learn how to export if they are a new farmer.

Ms. CROCKETT. Thank you. It doesn't sound like we have really got that direct line, though, where we are really doing anything specifically. And I bring this up because, once again, Texas is kind of a leading area for farmers of everything. We do everything in Texas, and we do it bigger. But nevertheless, I was encouraged to hear from so many folk that have been doing this kind of as a generational kind of family thing, but then there are new people, and we are trying to encourage them.

But I do want to make sure that they understand, as quickly as possible, that they do have access to these programs, and so I would hope that we could assist you better just making sure that those people that we are really—the people that want to become farmers have what they need up front to make sure that they are going to be successful. And honestly, specifically in Texas, we definitely need to make sure they have access to being able to export.

So, with that, we grow lots of things, but I am going to talk about corn for a second. And so we just heard from the Chairman about—basically the issue as it relates to Mexico, right? And so I am wanting to know from you all what steps—or what can we do to help out as it relates to making sure that producers, farmers, all people that would be affected by the negotiations are in the loop with what is going on. Because these are people that need to make sure that they are making their planting decisions in a timely manner, and so a lot of them are communicating that they just kind of feel like they are out of the loop, and just waiting on someone to tell them something.

Mr. GRIFFITH. Thank you for that—the question, Congresswoman. At that—CHS, we provide a lot of services directly to farmers. I will give you an example of our CHS hedging business, where we do the farm consulting services to advise farmers on not only the current state of markets, but also in risk management strategies, and how they participate in these markets in the most efficient and effective way to manage risk on the farm. It is particularly helpful educational services for new farmers, and through those type of communications and connections that we have directly to farmers, I think they are able to get the kind of information that they need to make the decision that you are talking about.

Ms. CROCKETT. Thank you, Mr. Chairman.

The CHAIRMAN. I now recognize the gentleman from Indiana, Mr. Baird, for 5 minutes.

Mr. BAIRD. Thank you, Mr. Chairman, and thank you, witnesses, for being here and sharing your perspective about the agricultural industry, which I think is extremely important. But, I have always maintained the idea that the demand for U.S. commodities and products are really because our farmers and ranchers are able to produce such quality products, and we have the ability to logistically deliver that to anywhere in the world, including protein. And as Ambassador Doud mentioned, the greatest opportunity

ahead may be in the ability to grow and export protein, all types of protein, meat, dairy, plant-based, and get it around the world. So, with that preface, I want to start my questioning with Mr. Doud.

Ambassador Doud, you helped negotiate the Phase One China agreement, which expired at the end of 2021. China's an important market for U.S. agriculture and is the number one export market for U.S. soybeans. In Marketing Year 2021 China imported 31.7 million metric tons of soybeans. In comparison, Mexico and the European Union are U.S. soy's next two largest trading partners, and for that same marketing year, Mexico imported 4.9, and the EU 4.2. So diversification of the market, and many of you made reference to that, has been occurring, but the sheer scale of the Chinese market is hard to replicate. So my question is this. Given the importance of the Chinese market to the U.S. soy and other agricultural commodities, and recognizing the variety of issues facing the U.S. Government when dealing with Beijing, how would you advise this Administration, and this Committee, to engage in the dialogue with China?

Mr. DOUD. Congressman, that is a great question, and there are several facets to this. Context, China imported \$235 billion worth of food from the world last year. That compares to total U.S. ag exports to the world of \$196 billion. These are the two biggest food traders on Planet Earth. We have to have a dialogue. In the year 2019 I spent 33 negotiating sessions, hundreds of hours, a year of my life, negotiating some 57 structural changes and provisions with China in agriculture. Today about 54 or five of those are fixed, complete, and that has allowed us to take U.S. ag exports from what was \$26 billion to \$38 billion. It wasn't the 40 that we had in the agreement, and it wasn't too bad at the end of the day, and we are still making progress.

By the way, while we were doing that, African Swine Fever hit in China. They lost 40 percent of their hogs. What we didn't anticipate because of that is now China is the world's largest corn importing nation by a country mile, providing a huge opportunity, to your point, in this relationship between protein, and corn, and soybeans. My final point is this, we have to continue to have a dialogue between the Chinese people in China and the U.S. when it comes to food and agriculture. It is absolutely paramount.

Mr. BAIRD. It is very hard to replicate the number of people in China, and we need to consume all the products we grow every year, and that takes a lot of mouths, so I appreciate your perspective on that.

I am going to turn to all the witnesses with this question, and we have about a minute six or so. So we have made reference to the farm bill, 2023 Farm Bill, so what improvements can be made in Title III, the trade title, to best support our U.S. farmers and ranchers in the global marketplace? And I want to give all of you an opportunity to respond to that. But we have only got 45 seconds too, so—

Mr. LANTZ. I will go quickly. With a return of \$25 to \$1, how many dollars do you want to put into that program? How much do you want to invest in it? FMD and MAP.

Mr. BAIRD. Good point.

Mr. LANTZ. MAP.

Ms. STEVERMER. Comprehensive trade agreements. We sell more pork to the 20 countries that we have those agreements with than all the rest of them combined.

Mr. GRIFFITH. As I said in my testimony, the MAP and FMD programs, and increasing funding for programs like that.

Mr. BAIRD. Thank you very much, and I yield back, Mr. Chairman.

The CHAIRMAN. I want to now recognize the gentleman from Illinois, Mr. Jackson, for 5 minutes.

Mr. JACKSON of Illinois. Thank you very much, Mr. Chairman. Thank you very much, for the witnesses that have come before us today. And I am proud to say I come from the great State of Illinois, and of course you know this question is about corn. So we are exporting—roughly 60 percent of our annual crop is destined for overseas. There is a heightened tension now with China, of course, and I would like to know, in your opinion—this is probably first directed to Mr. Griffith—where should the U.S. look, outside of China, to open new markets if we have continuing tensions and potential trade restriction with China?

Mr. GRIFFITH. Congressman, thank you for the question. And I will highlight back to what Ambassador Doud just said about the importance of China, and some of the statistics that had been said in this conference around the continuation and the importance of trade with China, as well as diversifying away from China. Key areas of the world that are the most typically talked about and focused on by policymakers and private-sector participants, like CHS, would be Southeast Asia, Middle East, and Africa. Those are areas that we focus on every day. We are focused on diversifying where we take product, and it is just difficult, given the numbers that have been stated about China, to make a significant move, but it is important that we are consistent and diligent in that pursuit.

Mr. JACKSON of Illinois. Okay. And to the Honorable Mr. Doud, of course, Illinois, once again, is a grain exporting state. As you are well aware, the USDA MAP and the FMD programs provide cost-share funding so organizations can help maintain and develop foreign markets for our products around the world. How important are exports to the grain industry, and I would like to know, are we keeping pace with our competitors in this area?

Mr. DOUD. Thank you, Congressman, it is a great question. My first job out of college was with U.S. Wheat Associates. That is the cooperator in wheat. Half of U.S. wheat is exported, half of it goes off to the Pacific Northwest, and Portland. And the answer—are we keeping up? And the answer is no, we are not keeping up with our competitors, in terms of trade agreements, and we are not keeping up, in terms of our ability to promote our products using the FMD Program—which, by the way, helps keep overseas offices open for all our cooperator programs—and the Market Access Program, which helps bring folks from overseas, our customers, to this country, to see our regulatory system and how it works.

You see, Congressman, in my experience, most other regulators around the world see our regulatory system as if it is their own. They think that we do things the same way they do. And so spending money to bring these folks over to our country, to let them see

how we do it, is of enormous value in building the relationship, but also opening markets.

Mr. JACKSON of Illinois. And would you say that our current program is under-funded?

Mr. DOUD. I would say that it has got some work to do, Mr. Congressman.

Mr. JACKSON of Illinois. Any proposals, solutions, that you would recommend?

Mr. DOUD. Well, again, if the return on that dollar that is joint-funded by farmer check-off dollars and taxpayer dollars, if you are—every dollar you spend you are getting \$25 back, in terms of exports, I think that is a pretty good place to spend some money.

Mr. JACKSON of Illinois. Excellent. And one last comment that I would just make, I think it is important for the Agriculture Committee to note, and industry in general, is that we talk about the African Trade Growth Initiative. This was the first time in American history that America had a trade policy, non-human, if you will, with Africa. We had not considered a trade program with the continent before. So as we look at this anew, I hope that we embrace trade agreements. I have long advocated that we go beyond looking at the G20, to even looking at the G21. There should be a representative from the Continent of Africa, which in the next 20 years will have almost 15 to 20 percent of the world's population on the continent, so we can redirect our focus on expanding trade opportunities for our country. I yield my time back.

The CHAIRMAN. I now recognize the gentleman from Kansas, Mr. Mann, for 5 minutes.

Mr. MANN. Great. Thank you, Mr. Chairman, for hosting this important hearing, and for all of our witnesses for being here today. I represent the First District of Kansas, and have long said that my top three priorities in this farm bill are crop insurance, trade, and oversight. Last year, as mentioned, the U.S. exported just under \$200 billion of ag products. Kansas contributed about \$6 billion to that. Our products that we export out of Kansas are beef and other proteins. Wheat, sorghum, corn. Goes to nearly 194 markets around the world. Considering those numbers, I believe Congress must think critically and carefully about trade, and trade promotion, especially as we reauthorize this farm bill.

I am proud, and this has come up a couple times, of MAP and FMD. That is why I co-lead the Agriculture Export Promotion Act of 2023 (H.R. 648) in this Congress. This legislation would allocate additional resources to MAP and FMD, which we have to remind everybody we have not increased these numbers since 2002, so it is way over time, and given the return on investments that we are talking about that we had more money there, and I would like to get that incorporated into this farm bill.

A handful of questions, first for you, Mr. Griffith. You mentioned in your testimony about Vietnam being a success story of increasing our trade relationship through these programs. Any other success stories come to mind that you can think of as we have benefited from these programs?

Mr. GRIFFITH. I don't know if I have another specific one, but I would just generally say, given how dynamic the global market is, and the needs to have access to markets that move from places of

surplus to deficit, and how that changes constantly, as I said, a diligent and continuous focus and funding in this area. We never know when we are going to have those success stories, or where they are going to be, but we need to have frameworks in place and agreements in place that allow for that to happen in time of need.

Mr. MANN. Yes. Great. Again, I just wanted to—my takeaways from this hearing is just we have to be focused on increasing MAP and FMD, given the return on investment, and if we don't do it, it is not going to happen, and we are leaving trade dollars on the table for our ag producers. Incredibly important.

Next couple of questions are for you, Ambassador Doud. Great being with you last week in our home State of Kansas. Great meeting your dad last week, great seeing your son here today. My question for you, first one, we know that a lack of effective cold storage, or the inability to distribute on a country's receiving end as we export are major barriers to expanding and diversifying our export markets. Can you share your thoughts on the importance of building out cold chain capacity, and help us identify any areas in the farm bill that we could help to potentially meet this need?

Mr. DOUD. Thank you, Congressman. It is a great question, and the first point, I think, to make is where the U.S. really excels, where our advantage is, is in value-added agricultural exports. Pork, beef, poultry, dairy, that is a value-added export. But in order to do that, you have to have cold chain technology. We have done well in exports to CAFTA-DR, but we need help, in terms of infrastructure, to expand that. We talk about the Indo-Pacific Partnership, and it is tragic that we are not going to talk about tariffs and market access, but I think cold chain technology and infrastructure, in the context of that, would be a fantastic conversation. We have talked about Africa. Goodness knows we need to have more infrastructure and cold chain technology in that part of the world as well. So I think that is an enormously important question.

Mr. MANN. I appreciated your comments, and when we talk value-added agriculture, we have to remember, when we export our proteins our commodity producers benefit greatly from that. It trickles down. Let us add the value here, and then let us figure out ways to improve cold storage over there to help rise the waters, so to speak, for all the boats on the pond.

Second question for you, Ambassador Doud, and this actually was a question the Chairman had asked to Mr. Griffith, but it was on my list for you as well, so we will let you answer the question, Ambassador, and this has to do with India and the WTO subsidies, and that issue with their wheat and rice farmers, where their subsidizing them far exceeds the limits. I have been working a lot with Representative Crawford. We have been leading efforts to urge USTR and the White House to engage in a formal dispute process to ensure that India is compliant with its WTO commitments. Ambassador, are you in favor of a formal dispute process, and if so, can you speak to its benefit? And if not, why not?

Mr. DOUD. Congressman, it is a great question, and I think, in answer, is it is time. When I was in the Administration, my first trip to the WTO in Geneva, I was the guy that slid the first ever counter-notifications across the table to my Indian counterpart there in Geneva about rice, and wheat, and their subsidies. There

is a reason India is the largest rice exporter in the world. There is a reason they are now exporting wheat. It is their subsidies. And they are so far beyond what is their ability to do under their Uruguay Round agreement. It is time to address it.

Mr. MANN. And I think far past time we stood up for our American ag producers in so doing. So I know I have gone past my time. Thank you, Mr. Chairman, thank you all for being here.

The CHAIRMAN. I now recognize the gentlewoman from Ohio, Ms. Brown, for 5 minutes.

Ms. BROWN. Thank you, Mr. Chairman, and Ranking Member Hayes. Mr. Chairman, our panel of experts is here to talk about something very important, agriculture trade, but before I get to that, with this being our first meeting in the Subcommittee on Nutrition, Foreign Agriculture, and Horticulture, I would be remiss not to mention that we should be discussing how House Republicans continue to weaponize the debt ceiling by proposing food-insecure Americans pay for their tax cuts.

The Republican debt bill that passed by just one vote in the House increases the number of people whose benefits are susceptible to SNAP's punitive time limit by extending the limit to older adults, ages 50 through 55. Now, this 5 year age bump may not seem like a lot, but, according to the Center on Budget Policy and Priorities, it would put nearly one million SNAP recipients at risk of losing their benefits. It is unfathomable that I even have to say this, but taking food from people does not help them find work. It just makes them hungry. It has been a longstanding bipartisan practice that legislating SNAP and our nation's nutrition policy belongs in the farm bill and in this Committee. To open the farm bill for reckless partisan politics is offensive to the contemplative work that we conduct in this Committee.

So, back to the subject at hand. As my colleagues have mentioned, food security is a matter of national security. American farmers play a pivotal role in exporting products around the world. Much of this work falls under the support of the USDA Foreign Agricultural Service. So, Mr. Doud, you have described in your testimony how various trade barriers have been resolved due to the work of government officials at the USDA Foreign Agricultural Service. Two questions. Can you give an example of one of those success stories, and, in your opinion, what could be done in the next farm bill to support the FAS?

Mr. DOUD. Thank you, Congresswoman. It is the first thing I have to say is that the company that I work for today, these are military guys, West Point guys. It is actually the mantra of our company, food security is national security, so I appreciate you saying that. That is what we talk about every day, and what I do now.

In terms of examples, there are so many little things. When I went to Brazil, we got a tariff change with Brazil on wheat. We had been working on that one for 25 years. We—when—geographic indicators, and things we included in USMCA to kind of keep the Europeans from using that as a non-tariff trade barrier all around the world. There are all these little nuggets, whether it is—I don't—that you can utilize. You kind of caught me off guard here to think of 100 of them, but the folks that do this are the best—the—it was my honor of a lifetime to work with these folks in gov-

ernment, regardless of politics and Administration in agriculture, you have the best folks on Earth working on this stuff.

Ms. BROWN. Excellent. And so, again, in your opinion, what could be done in the next farm bill to support the FAS?

Mr. DOUD. Well, I think, as we have described here, FMD and MAP, TASC Programs, I think are—that is where it is at, Congresswoman.

Ms. BROWN. All right. Well, thank you for sharing your story, and your feedback. And with that, Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. I now recognize the gentleman from Ohio, Mr. Miller, for 5 minutes.

Mr. MILLER of Ohio. Thank you, Mr. Chairman. Ohio ranks number nine in the nation in number of farm operations, with international trade being critical. However, it is concerning that USDA's recent outlook for agricultural trade anticipates exports for all major commodity groups to be reduced, with the decreases projected for corn, soybeans, dairy, and livestock. Preserving and expanding international trade is paramount, as soybeans are the top agricultural export for Ohio, and the United States, with more than half of our soybean crop exported overseas. Mexico is one of the largest destinations for United States corn exports, with \$4.92 billion in trade. However, these commitments made under the USMCA must be upheld, including access for biotech corn, and I will be leading a letter with my colleagues to USTR in that regard.

Ohio ranks seventh in the nation in pork production, and with 25 percent of pork goods exported, yet threats relating to foreign animal diseases are a constant concern. Finally, for dairy, enforcement of dairy market access obligations under the USMCA is absolutely vital. Ohio State economists have summed it up as agricultural functions in a global market, with many factors influencing income and expenses. Ohio farmers must remain aware of global forces impacting markets.

To any of the witnesses, given these trade challenges, how can we best advance science-based trade policies, essential to food security, and be vigilant in enforcement of trade commitments as to not cause economic harm to United States farmers? Any takers?

Mr. LANTZ. Thank you, Congressman. I will take that. I absolutely agree. Science-based trade policy is crucial. I work with the fruit and vegetable industry, and we export our products all over the world, and are continually challenged by sanitary and phytosanitary measures. Some of those are just straight up political measures. Some of them are different perspectives on science. Using the Codex system, the Codex committees, gathering support from our trading partners who are like-minded, all play a critical role in ensuring that sound science is used with U.S. agricultural exports.

And then there are cases where it needs to just simply be challenged. Through trade agreements like USMCA, through the World Trade Organization. There are some times where we just cannot reach an agreement, and you need to have a dispute settlement to try to figure things out. But I am absolutely in agreement that science is important. We lead in science and agriculture, and we

need to continue to support that in order to keep our exports moving. Thank you.

Mr. MILLER of Ohio. Thank you. This question will be for Mr. Griffith or Mr. Doud. We must be vigilant to hold our trading partners accountable for obligations made under the USMCA. Mexico's position on biotech corn is creating uncertainty, and, in your opinion, how can the United States trade officials most effectively take action with our Mexican counterparts to eliminate trade barriers that could negatively impact American corn producers?

Mr. GRIFFITH. Thank you, Congressman, for your question. My comment, from a NAEGA perspective, the view—the utilization of technology, such as biotechnology, to produce safe and abundant food supplies, grains and other agricultural goods, is essential. We believe the best way to facilitate trade is with reliance on sound science underpinning all regulation. I think it is important for us, as the U.S., to lead on science-based measures so other countries don't make the rules. NAEGA does not object to the USTR dispute resolution case, and hopes that the resolution can be found, but NAEGA does not have any doubt that the U.S. would maintain a logistical advantage in the delivery of corn to Mexico, no matter the type of seed.

Mr. MILLER of Ohio. Yes. And what Mexico is doing, it is more of a protectionist revision than it is in science-based evidence, and I know we have heard a lot of that today. And when we met with one of the USTR Trade Reps, in terms of, I had asked a specific question, how are you going to hold these individuals accountable? What is your framework, what is your strategy? Even if you bring them to a panel, are they going to agree? And if they do agree, are you still going to hold them accountable? Because, just a couple of years ago, 2½ years ago, or whenever it was put in place, they made the agreement, and they have negated the agreement, both Mexico and Canada, so I have concerns with this Administration actually pushing forward, and holding these other countries accountable, even if it does go to a dispute panel, and that is where my concern lies. And I did not get an answer, I had no framework. All I was told is, I cannot divulge this strategy. But I thank you very much for your time, all of the witnesses, and thank you for your answers. I yield back.

The CHAIRMAN. I now recognize the gentlewoman from Hawaii, Ms. Tokuda, for 5 minutes.

Ms. TOKUDA. Thank you. Tokuda, Mr. Chairman. Thank you. No problem. Distinguished panel, thank you for your testimony today. I just returned from a week traveling throughout Hawaii's Second Congressional District, five islands in 5 days, and met with agriculture ranchers, producers, farmers, and stakeholders throughout our state. Something that was raised multiple times was the dumping of foreign agricultural products, like beef, in our local markets, at price points local producers have not been able to compete with. While we want to reduce the cost of food for our constituents, I have concerns that foreign imports that are well below what we are able to produce it for locally could lead us to growing less of our own food, which at the end of the day could be a national security concern as well.

Hawaii used to produce a good amount of the beef that we consume on island, and now it is far less than ten percent. For the panel, what can we do in this farm bill to help encourage and help domestic producers compete with foreign imports, and address the dumping of agricultural products in the United States? And I will add that we do know, as a result of diversification of U.S. consumption and demand for a variety of foods, literally since 1997 until 2022 we have seen the amount of imported agricultural goods quintuple in value, reaching, I believe, \$198 billion in 2022 alone. So this is not just a Hawaii problem, it is a national problem. So your thoughts on this? Anyone?

Mr. DOUD. The buck is getting passed to me a lot here today. Congresswoman, it is a really difficult question, because we are in a situation right now with beef that—because we have had droughts all over the U.S., our beef prices are high. In Australia, they have had their share of drought, but because of La Niña, they have had a lot of rain, so now their production is coming back online. So, the situation with weather, and the long-term cycles of beef, are a huge problem.

That is—your question is a good one, and the answer to that typically is to work with the International Trade Commission, and USTR, to look into remedies for those types of situations.

Ms. TOKUDA. Thank you. And I would argue too, though, that it is not just beef, unfortunately. We are finding macadamia nuts, other specialty crops as well, finding significant import into our markets now, and impacting our local growers and farmers, so I think this is a vulnerability we face across commodities and specialty crops that we really need to take a good look at.

I want to piggyback a little bit off my last question to discuss country-of-origin labeling, another issue that did come up as I made my way throughout our islands. While country-of-origin labeling requires retailers, such as full line grocery stores, supermarkets, club warehouse stores, to notify their customers with information regarding the source of certain foods, the U.S. still trails Europe in terms of protecting the standards of identity of certain products and locations. Toblerone recently had to change its label because of Swiss law, and Miller High Life's model, the champagne of beers, as we know, led to destroyed product.

However, products taking advantage of the whole e-brand are pervasive. Coffee that contains merely ten percent of Kona coffee can be labeled Kona coffee. Many of the mac nuts that we enjoy today are actually from Africa, not actually from Hawaii. How do you feel about having stronger country-of-origin labeling in the United States? Anyone?

Mr. LANTZ. I think there are a variety of opinions among different industries on that, and so I am not really qualified to speak on how the different industries feel on the position. There are industries that have very—such as the groups in Hawaii, who have very strong feelings. They grow, they want to make sure that their industry is known for that. And then there are other industries who want to be able to grow and sell their products using different—so I don't think there is a unified position on country-of-origin labeling, at least in our industry—or—the horticultural industry.

Ms. TOKUDA. Anyone else want to comment on this?

Mr. GRIFFITH. This is not an area that CHS is involved in and doesn't have a policy on country-of-origin labeling.

Ms. TOKUDA. Okay. Thank you. Well, we will go on, but I do believe that there are many specialty crops that are grown throughout our country in which they pride themselves on brand, and in geography as well, and I think, as much as other countries are protecting theirs, I think we need to do the same for ours here in the United States as well.

Really quickly, we may not have time to go into this, but I wanted to touch upon agriculture technology. Because we predominantly grow specialty crops, smaller farms, in Hawaii, ag tech, like large tractors, is not practical for a majority of farmers in Hawaii. We have to have everything barged in, which is a high cost, in terms of inputs for our farmers and growers. There is a lot of interest in importing ag tech from Japan and other countries in Asia. Our legislature recently approved funds to actually look towards this innovation, and—we do know, though, that there are many issues regarding EPA emissions standards compliance. And so I would hope, with the time I know is over now, that we would be able to discuss how perhaps the United States could assist in the importation of this ag technology for the benefit of our smaller- to medium-sized farmers and growers here in the United States. So thank you, Mr. Chairman. I yield back my time.

The CHAIRMAN. I now recognize the gentlewoman from Texas, Ms. De La Cruz, for 5 minutes.

Ms. DE LA CRUZ. Thank you so much, Mr. Chairman, for hosting this Committee, and this hearing today, and thank you to our witnesses. Our relationship with Mexico is vital to our Texas farmers. I live in south Texas, and so this is a community that I am especially close to. That being said, I know that Congressman Miller talked a little bit about Mexico's banning of the imports on the genetically modified corn, and that is, of course, of great interest and concern for our farmers.

So I just wanted to put it on your radar that in February, myself, along with some of our fellow Texans, wrote a letter commending the USTR and USDA for their rejection of the Mexican Government's proposal to ban U.S. imports of genetically modified corn for food production. And so the letter stressed the importance of the need to uphold the integrity of the USMCA and take forceful action. And so I just wanted to make sure that I am on record stating that.

Now, on a separate topic, as you probably all know, the Market Access Program and the Foreign Market Development Program have proven popular with agricultural industry and offer valuable support to the U.S. economy. An independent study recently found that for every dollar invested into these specific programs, a return of \$24.50 is realized. So my question is can you share with us how these programs have been utilized to build foreign markets for agriculture products, and do you have any suggestions for us to improve on these programs as we write the upcoming farm bill?

Ms. STEVERMER. I think I am the only one that hasn't answered that yet. Those are good programs. In fact, I was just in Mexico City earlier this week on a Trade Committee meeting and had

lunch with a couple of individuals that work for a small company that does sausage products in Mexico, and those type of funds are being used in those situations. And they talked about the high quality pork that comes to them from the United States, and how they really appreciate that. And they said, "If we have access to dollars, or more dollars to promote pork, our products, in Mexico here, that means we buy more pork from you." I think that is a success and a win for all of us.

Ms. DE LA CRUZ. Excellent. So would your suggestion be to increase funding, then?

Ms. STEVERMER. Yes, absolutely.

Ms. DE LA CRUZ. Excellent. More dollars, right? Now, Mr. Lantz, as you know, the TASC Program provides funding for projects that address these existing and potential sanitary and technical barriers that prohibit or threaten the export of our specialty crops. Can you just walk us through some of the benefits of this program? I know you have answered some questions like this previously, but I would like for you just to go through it for us.

Mr. LANTZ. Yes. TASC is crucial. Without TASC, the trade barriers that unexpectedly come up in the specialty crop industry are very difficult to overcome. We have set budgets, and all of a sudden there is an unexpected challenge in a foreign market. TASC is used immediately to try to address those challenges. Let me give you an example. I was recently in Bangkok, and I was approached by an apple farmer who said, how come I can't export to Thailand? I used to be able to export to Thailand. The West Coast still can, but Pennsylvania, Michigan, New York cannot export. And so that industry has applied for a TASC grant to engage with the Thai Government so we can reopen the market. An unexpected issue that came up, TASC will be used to reopen the market.

Ms. DE LA CRUZ. Thank you so much. And with that, I yield back.

The CHAIRMAN. I now want to recognize yet another Member from Texas, Mr. Casar, for 5 minutes.

Mr. CASAR. Thank you, sir. Proud to represent Texas today. I want to talk about Cuba, the embargo, farmers, food, and immigration. Cuba is facing its worst economic crisis in decades, resulting in dire shortages of essential goods like food, medicine, and sanitary products. These conditions have caused a record number of Cubans to flee out of dire necessity.

The Cuban Government bears responsibility, but we also know the crisis has been made worse by U.S. sanctions and the embargo against Cuba, which for 60 years has crippled trade and financial transactions between our two countries that are so close geographically. And in those 60 years, these sanctions and the embargo have not resulted in the sweeping shift towards democracy in Cuba that we would like to see. But current economic conditions have compelled folks to flee. And, as we know, folks fearmonger about migrants at the border. We know that more often than not migrants are seeking refuge out of necessity, and we should be revisiting our policies that push people out of their home countries when they want to stay at home.

The embargo doesn't just come at a cost for everyday Cubans. The embargo also comes at a cost for Americans, because before the

embargo, Cuba was the ninth largest export market for U.S. farm products. Today it has fallen below 50th on that list. American farmers that I have spoken with want to export to Cuba but can't because our policies, despite allowing food exports, deny credit in Cuba. That means U.S. producers can export agricultural commodities to Cuba, but they must do so on a cash for a crop basis. So Cubans are forced to buy ag products at a higher cost from countries across the ocean, like countries in the EU, that provide credit.

Mr. Griffith, your organization, the North American Export Grain Association, is part of the United States Agricultural Coalition for Cuba. Can you talk about why your organization or others support opening up Cuba for more exports?

Mr. GRIFFITH. Thank you, Congressman, for the question. Markets like Cuba, that are 90 miles off the coast of Florida, near-in markets in general to U.S. agriculture producers, are extremely interesting to our producers. With the rising costs of transportation, we are in favor of market access and free and fair trade to places like Cuba, and other areas. So I think it comes into more of a broader policy topic.

Mr. CASAR. Absolutely. Thank you. Ambassador, any comments on what impact you think opening up Cuba might have for U.S. farmers and for exports?

Mr. DOUD. Congressman, I think that the market is open, and I think that it is difficult, at least for me personally, in my own personal aspect, to justify loaning Cuba money.

Mr. CASAR. If you think the market is open, then why is it that they are buying so much of their agricultural products from the European Union? Why have they gone from ninth to 50th on our market for food products in ag?

Mr. DOUD. Well, I think it is largely a function of what we are talking about here in credit, but also, just the complete failure of the—or, excuse me, Cuban economy.

Mr. CASAR. At the end of the day, the Cuban economy, and, as I mentioned, the Cuban Government, bears significant responsibility for what is happening there. We should be pushing, and continue to push, for democracy there, and all over the world. But today I think it is important for us to reflect on whether the past 60 years of policy are continuing to yield the level of benefit that we want for the American people, and it is way more expensive for us to deal with this here, when it meets us at our border, rather than creating the opportunity for people to stay at home, to be able to live in the communities they want to live in. I don't think that it serves us to be starving people abroad. I think that it helps Americans for us to be feeding people all over the world. Thank you so much, and I yield back.

The CHAIRMAN. I now recognize the gentleman from Wisconsin, Mr. Van Orden for 5 minutes.

Mr. VAN ORDEN. Thank you, Mr. Chairman, and before we get started here, I have just got to say that I take umbrage with a few comments that were made earlier. To every one of my colleagues, I was raised in abject rural poverty by a single mother. I was on what were actually food stamps at the time, so G.T. doesn't get mad. I had subsidized school lunches, I ate government cheese. I am a Member of Congress because of some of these programs. And

I would remind everyone that the State of Wisconsin just voted 80 percent for work requirements for these types of programs. I don't believe that the fearmongering with those in most need by playing partisan politics with disingenuous talking points, I think that is neither productive or appropriate for this Committee, and that should stop.

Mr. Lantz, I represent Wisconsin's Third Congressional District, and as you know, Wisconsin is the number one producer of cranberries in the world. We produce over half of the world's cranberries. And it is correct, that is a fact. What Wisconsin has is cranberries, Massachusetts has marketing, just to make that clear for my colleagues. I am very concerned about the issue with the minimum residue levels, particularly with the European Union, and they appear to be using these to manipulate a market and are starting to, or in the future will be excluding our products, particularly our cranberry growers, from being able to access that market.

With that said, in your testimony you said that the USTR, or USDA, FAS, and our embassies around the world are working to ensure that U.S. agriculture is not hindered by these complex practices. Now, are you satisfied that the Biden Administration is taking the appropriate efforts to make sure the European Union, and as referenced earlier, China and India, are not eating our proverbial lunch?

Mr. LANTZ. Thank you. Excellent question, and I love cranberries.

Mr. VAN ORDEN. Thank you. You are welcome anytime.

Mr. LANTZ. And I work with a lot of Wisconsin cranberry growers. I think the MRL situation is the driest, very difficult to understand, but one of the most crucial challenges facing all agriculture, not just for specialty crops these differing standards. And I would advocate for the continued expanded engagement on this issue. And how that happens is through finding like-minded trading partners. I have talked to Ecuadorian banana growers. I have talked to South African citrus growers. Everyone has had an issue with the European Union's policies.

Mr. VAN ORDEN. Right.

Mr. LANTZ. And those need to be addressed in the World Trade Organization, and watching Codex to make sure the Codex standards remains strong as well. So, yes, I agree.

Mr. VAN ORDEN. Thank you, sir. And that leads to Mr. Ambassador. What is your level of confidence in the World Trade Organization to be a neutral arbiter when dealing with China, India, and the European Union?

Mr. DOUD. Well, the great challenge that we have at the WTO is you have to have consensus, and so any one of these countries can vote in the negative, and that blows the whole possibility of making any progress up.

Mr. VAN ORDEN. Try being in Congress.

Mr. DOUD. So the answer is, to your point, there is large consensus on so many of these issues, in terms of global trade and agriculture. So is there a better way to do this that we can make progress, even though you may have one country that doesn't want to do this, for the betterment of the planet, and the challenges—that is the process that we have to figure out how to develop going

forward. We can't let one country stand in the way of making progress when it comes to technology and agriculture.

Mr. VAN ORDEN. Okay. And then I want to echo some of the comments of my colleague, Mr. Jackson from Illinois. You advise firms concerning the trends for 5, 15, and 20 years out. Are you advising them currently to be conducting contingency planning operations in case of dramatically reduced or halted trade into the Indo-Pacific region due to increased tensions or a hot war with China?

Mr. DOUD. No, not at the moment, sir. But I think what we do work with companies every day on are contingencies in supply chains in agriculture. I think that is a critically important conversation. We learned some valuable lessons in COVID, and I think those lessons can be applied across the board when it comes to this industry.

Mr. VAN ORDEN. Mr. Ambassador, I would respectfully encourage you to start having those conversations.

Mr. DOUD. Yes, sir.

Mr. VAN ORDEN. All right. Thank you very much. Got to yield back.

The CHAIRMAN. I now recognize the gentlewoman from Colorado, Ms. Caraveo, for 5 minutes.

Ms. CARAVEO. Thank you, Chairman Finstad, and to Ranking Member Hayes also, for hosting this hearing this morning, and thank you to our panel for being here to provide your testimony. Growers in Colorado sell nearly 1.5 billion pounds of fresh potatoes annually, 90 percent of which goes to the fresh market. At the moment, though, Japan, who we are already shipping chip potatoes to, presents the opportunity of becoming a massive market for U.S. fresh potato exports. Opening this market would allow potentially a 10 to 15 percent increase in U.S. fresh potato exports, however, negotiations with Japan and the USDA seem to have been delayed indefinitely. So, Mr. Lantz, can you speak to how we might be able to work with Japan to open fresh potato markets for our domestic potato growers, and how this market opportunity might benefit them?

Mr. LANTZ. I spend a lot of time on this issue. I took Japanese officials to a potato farm in August. It is time. This is one of the potato industry's highest priorities. We are seeking to open this market so our potatoes can end up in grocery stores throughout Japan. We ship our potatoes throughout Asia, Korea, Taiwan, Hong Kong, Southeast Asia. It is time to open the Japanese market. If we open that market, we expect \$150 million in sales, similar to what we are expecting in Mexico, and it would help change the face of the U.S. potato industry. Colorado currently has access to chipping potatoes, but all of the U.S. needs access for table stock potatoes.

I know that there will be negotiations on this coming up in the fall, and I know that Secretary Vilsack recently raised this issue when he was in Japan, so we are pleased to see that this issue is getting the traction it needs.

Ms. CARAVEO. Well, I thank you for your work on it, and Secretary Vilsack as well for pushing these negotiations. I know most people may not realize that Colorado is such a big potato producing state, but we certainly are, and so I thank you for that.

To pivot, traveling through my district, I have had great opportunities to see the latest innovations of our agriculture producers that they are bringing to their farms. From hearing about automated dairy installations and watching laser weeders in action. So, for Ambassador Doud, how can we work with other countries in developing and testing innovations in agricultural technologies?

Mr. DOUD. That is a great question, and I think the best thing that we can do is bring overseas regulators, these regulatory agencies from other countries, to the United States to meet with our regulatory agencies, and furthermore, get out in the country and see how we do it. And that is what we are talking about with the Market Access Program in particular. Seeing is believing.

Congresswoman, I personally took the Trade Minister of Indonesia out to your part of the world when I was Chief Ag Negotiator, and we had a conversation about apples. He was so impressed with our discussions that a few weeks later he came back with his entire regulatory team, and he took them on the tour, to show them, look, this is how the U.S. does this. This is not how it is done in other parts of the world, and we should let U.S. apples into Indonesia, and it worked. Seeing is believing sometimes in these discussions, and that is how we get that done, is through the MAP Program.

Ms. CARAVEO. I certainly agree that more people need to be seeing these producers in action, and so I thank you very much for that. And, with that, I yield back.

The CHAIRMAN. All right. I now recognize the gentleman from Tennessee, Mr. Rose, for 5 minutes.

Mr. ROSE. Thank you, Chairman Finstad, and Ranking Member Hayes, for holding the hearing today, and thanks to our witnesses for bearing with us. Looks like I might be it, unless somebody comes in. Okay. After limited access to Canada's dairy market was granted to U.S. producers via USMCA, accusations were levied by the U.S. that Canada has allocated their tariff quotas overwhelmingly to the dairy processing sector, effectively shutting out access to their market. Ambassador Doud, I know you are familiar with this problem. Given USTR's announcement of a second USMCA dispute panel, are you confident that this matter can finally be resolved?

Mr. DOUD. Congressman, this is without a doubt one of the most frustrating issues. We have talked about potatoes in Japan, we had potatoes in Mexico. This is another one of those that is really, really difficult. I want to address this notion that sometimes you don't hear much from USTR when it comes to enforcement because you are in the middle of a legal proceeding, and not much can be said. I want to encourage all of you to keep pressure on it when it comes to these issues. Whether it comes to Mexico and GMOs, whether it comes to Canada and dairy, that is helpful. These enforcement mechanisms are critical. It takes time to work through. Sometimes you lose patience, I get it, but we have to see this through, and just keep everybody's feet to the fire here.

Mr. ROSE. Are there alternative pathways that we should be looking at to rectify this issue?

Mr. DOUD. Well, I hope this works. So this is the first test case of the new enforcement mechanism in USMCA. As I said earlier, an enormous amount of time was worked on by the lawyers to try

to figure out how to do this the best way we can, and—so let us hope this works, and we are able to figure this out. But this is a tough one, with Canada and dairy. They are—they have always been impossible to deal with.

Mr. ROSE. Thank you. Ms. Stevermer, in your written testimony you noted a dramatic drop in U.S. pork exports due to Taiwan's 2021 food safety labeling that you stated, "targets the United States." Your testimony also notes that the National Pork Producers Council is urging U.S. negotiators to use the existing U.S.-Taiwan Trade and Investment Framework agreement as a mechanism to resolve these market access issues. I am a huge supporter of Taiwan, and proud Member of the Congressional Taiwan Caucus, and as a supporter of Taiwan, and of American pork producers, I would love to see us resolve this issue. Is there anything Congress can do to help push the office of USTR to prioritize resolving this issue?

Ms. STEVERMER. Well, I appreciate that question, and I would say that the comprehensive trade agreements, as we have discussed earlier, are those vehicles that allow us to have those type of conversations if there is a dispute about tariffs or non-tariff factors. So just keep having the conversation and keep working to get those comprehensive trade agreements in place.

Mr. ROSE. Thank you. And, Ambassador Doud, I would like to ask you basically the same question, given your experience as the Chief Agricultural Negotiator at USTR. Do you have any thoughts on how the USTR can help us resolve this issue?

Mr. DOUD. Congressman, I first discussed this with Taiwan when I was a staffer on the Senate Agriculture, Nutrition, and Forestry Committee circa 2011, when I took a trip to Taiwan as a member of a staff delegation, so this issue has been a tough one for a very long time, like many of these other issues in agriculture. This is highly political in Taiwan. This is going to take an enormous amount of effort, both on the part of any Administration, and USTR, and USDA, but also politically as well, in my humble opinion.

Mr. ROSE. Thank you. Ambassador Doud, as the Chief Agricultural Negotiator during USMCA negotiations, you worked to develop a side letter with Mexico on common cheese names. These challenges on American producers' ability to use common food and beverage names touch multiple markets around the world. While the letter in the USMCA set an important precedent for the protection of common terms, do you think the language should be expanded to include many other common names?

Mr. DOUD. Yes.

Mr. ROSE. Should the language have stronger and more proactive measures to counter the European Union's abuse of geographical indications?

Mr. DOUD. Yes.

Mr. ROSE. Thank you. Mr. Griffith, in your testimony you discussed the importance of inland waterways as a vital part of CHS's supply chain. Tennessee's inland waterways are also a vital part of my state's transportation network, however, in my opinion, updating inland waterway infrastructure is often a challenging task, especially when inland waterway projects are competing for funds

against other transportation-related infrastructure projects. In your testimony you noted that most U.S. locks and dams have surpassed their expected 50 year design life, increasing delays and unscheduled outages that threatened to erode America's competitive infrastructure advantage. If you could, for the record, expand on just how damaging these delays and unscheduled outages are on our ability to export agricultural goods? My time has expired, so I will have to yield back. Please respond for the record, if you might. Mr. Chairman, I yield back.

[The information referred to is located on p. 51.]

The CHAIRMAN. You can submit that to the record, yes. All right. So now last, but not least, I recognize the Member from North Carolina, Ms. Adams, for 5 minutes.

Ms. ADAMS. Thank you, Mr. Chairman, and thank you also to Ranking Member Hayes. I do have some questions, and I think all of the folks are here to testify. But before I get to my questions, I just want to reiterate what Ranking Member Hayes had to say in her comments, as well as Congresswoman Brown, about hunger, about *nutrition*. That is the first word in this Committee, if you look at it, if you look at the title, but it is certainly a personal issue of mine, as I have four Hs that I work on, *hunger, housing, higher education, and health*.

And I appreciate this hearing on trade, I know I am going to learn something. It is well within our jurisdiction, but we haven't had a Subcommittee or a full Committee hearing on nutrition, and I certainly hope that we are able to do that, because the absence is conspicuous to me. Especially as today, the end of the public health emergency, means that so many people face a hunger cliff, and they are going to be kicked off lifesaving pandemic-era benefits that we need to continue to work on.

So let me just raise a couple of questions, and, Mr. Lantz, let me go to you first. Thank you for your testimony. The issues that you raised about maximum residue limits are well taken, and the confusion and the uncertainty they create are understandably frustrating, particularly when they result in a rejection. Are there opportunities at the farm level for reducing residue levels for U.S. crops for export, in addition to the important work that USTR, FAS, and our embassies do?

Mr. LANTZ. Yes. It is become every grower's responsibility to know where their product could potentially head, and to know what those MRLs are. The way they do that is they use the MRL database, the Food Chain ID MRL Database, and if they are in the United States, the USDA and the EPA combine to fund access to that. So many of the grower groups we work with request that information, and we will provide what the U.S. standard is, what the foreign standard is, and they can make crop protection decisions based on that.

Where they grow frustrated is when something is approved for use, they have a pest they need to control, and they find they can't use it because a foreign government has set a level—a more restrictive level, and then they are told they can't use it because there is a risk of a rejection for it.

Ms. ADAMS. Okay. Thank you. So let me move quickly—all of you have at least mentioned, and some have highlighted, the impor-

tance of the USDA's Market Access Program to developing markets in other countries. Every farm bill some stakeholders argue that this program puts public dollars toward marketing activities that firms like yours would otherwise fund themselves. So could you—let me ask Mr. Griffith first—share what your industry does with MAP that it could not do without the program?

Mr. GRIFFITH. Thank you, Congresswoman, for the question. I can only speak to NAEGA's use of MAP funding. The focus of NAEGA's work with MAP funds is market access, trade facilitation, and stakeholder best practices for educations on grains, oilseeds, and their primary products. A key part of that effort is science-based regulation and technical education that levels the playing field for U.S. exports, and increasing funding would allow NAEGA to expand educational programming, and meet directly with stakeholders in markets that have just begun opening to U.S.—

Ms. ADAMS. Okay. So let me ask you, is there another person here who would like to at least address that?

Mr. LANTZ. I can talk about a couple different vegetable groups that use this.

Ms. ADAMS. Okay.

Mr. LANTZ. I was in New Delhi a month ago, and I was speaking with the U.S. embassy, and they said it is incredible what the U.S. cranberry industry has done with MAP. Previously, cranberries were not exported to India. Dried fruits are incredibly important during holidays as gifts, and now they are using—they are exporting and selling those dried cranberries are part of holiday traditions in India. That would not happen without the MAP Program.

Ms. ADAMS. Okay, great. Well, I have another question. I am going to just send it in because I don't want to be rushed. But let me just thank you all for being here, thank you for your testimony, and thank you for the work that you do. I yield back, Mr. Chairman.

The CHAIRMAN. Thank you. And I too want to say thank you so much for all of you, for your patience, and willingness, and really just bringing your expertise to the table here. And it is so important that we operate with a strong amount of humility to understand that there are areas where we definitely don't know at all, so thank you for bringing that expertise. Before we adjourn today, I invite the Ranking Member to share any closing comments that she may have.

Mrs. HAYES. Thank you again to our witnesses for joining us here today. We appreciate your time, and expertise, and your willingness to share with this Congress. As we move into farm bill negotiations, it is vital that we remember how important trade is for our producers. The Title III programs are foundational to ensuring and improving access to foreign markets, and our producers need these markets to be accessible for our country. Maintaining good relationships with our trade partners brings stability to farms, grocers, restaurants, food banks, and consumers. Your insight on agricultural development, trade promotion, and foreign competition will inform us as we continue to draft the farm bill. Your perspectives are crucial to feeding communities locally, nationally, and across the globe.

I also have to add that I am thrilled to have heard for the first time in this Committee that we have a nutrition hearing planned, and I look forward to it, because this is an issue that we must prioritize on this Committee, that has jurisdiction over it. So, I am looking forward to that, very excited to work with the chair on that issue. And with that, thank you again. I yield back.

The CHAIRMAN. Thank you, Ranking Member Hayes. I would just close with a couple comments here. Again, thank you all for being here, and thank you for the work that you do to really support farmers like me. When we talk about trade, I think what gets missed so often is that it takes a lot of hard work to build those relationships, and we need all the tools available to make sure that happens.

And so, for us, for me, as a farmer, I can't do it alone, right? I can't just hop on a plane, go to Taiwan, and say hey, buy my corn, buy my soybeans. I will bring it over in a couple of little containers. But we need folks like you, that are at the table, that can use those tools, that could help us create those relationships, to bring folks to see our apple orchards in Colorado, and to really open up the door and the window to the world of what we do, and we do so well here in this country.

So I will just say, a couple points that I took out of today that I think are really important for us to continue to beat the drum on, and that is we need free trade, but we need fair trade. And we need to make sure that we have the fair trade and the tools at our disposal that really allows us to play on a global playing field. And so, I just really would recommend that the Administration, and anybody that cares about agriculture in this country, pays attention to that, and make sure that we are at the table on those discussions.

I will also say, I appreciate your comments, Ranking Member Hayes, in regards to the full Committee, and the work that we look at doing in the first work period in June, to have a conversation about the nutrition, and SNAP Program, and, moreover, just the overall building of a good farm bill that we can be proud of.

So, with that, under the Rules of the Committee, the records of today's hearing will remain open for 10 calendar days to receive additional material and supplementary written responses from the witnesses to any questions posed by a Member. And, with that, this hearing of the Subcommittee on Nutrition, Foreign Agriculture, and Horticulture is now adjourned.

[Whereupon, at 1:12 p.m., the Subcommittee was adjourned.]

[Material submitted for inclusion in the record follows:]

SUPPLEMENTARY MATERIAL SUBMITTED BY JOHN GRIFFITH, EXECUTIVE VICE PRESIDENT, AG BUSINESS AND CHS HEDGING, CHS INC.; CHAIRMAN, NORTH AMERICAN EXPORT GRAIN ASSOCIATION

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Mr. ROSE. Thank you. Mr. Griffith, in your testimony you discussed the importance of inland waterways as a vital part of CHS's supply chain. Tennessee's inland waterways are also a vital part of my state's transportation network, however, in my opinion, updating inland waterway infrastructure is often a challenging task, especially when inland waterway projects are competing for funds against other transportation-related infrastructure projects. In your testimony you noted that most U.S. locks and dams have surpassed their expected 50 year design life, increasing delays and unscheduled outages that threatened to erode America's competitive infrastructure advantage. If you could, for the record, expand on just how damaging these delays and unscheduled outages are on our ability to export agricultural goods? My time has expired, so I will have to yield back. Please respond for the record, if you might. Mr. Chairman, I yield back.

Congressman Rose, thank you for this important question. Any delay or unscheduled damages to our ability to export agricultural goods abroad can be extremely damaging.

U.S. agricultural goods are competing on a global scale and are sometimes less price competitive than goods from other countries around the world. Oftentimes, our products distinguish themselves as the top choice of our customers due to their quality and their reliability. Any unscheduled delays, due to deteriorating infrastructure or otherwise, threatens that reliability and forces our customers around the world to consider options elsewhere. Once you lose a customer, it can be extremely difficult to win them back.

In addition, infrastructure delays and outages tend to compound across the entire infrastructure system. An outage in one part of the country, or one mode of transportation, will have impacts elsewhere. For example, if a lock or dam in the Pacific Northwest were shut down, causing commerce to stop, it would strain the rail and trucking systems, causing further backups and raising prices for shippers and farmers. In addition, commodity flows will be forced to shift to other export corridors around the country, causing price changes and delays in other regions far from the original outage.

SUPPLEMENTARY MATERIAL SUBMITTED BY HON. GREGORY DOUD, FORMER AMBASSADOR; VICE PRESIDENT OF GLOBAL SITUATIONAL AWARENESS & CHIEF ECONOMIST, AIMPOINT RESEARCH, DIVISION OF DIRECTIONS RESEARCH, INC.

Mr. THOMPSON. Well, thank you for that. In one of our listening sessions, roundtable we did recently in North Carolina, we had a chance, just by happenstance, sat down and had breakfast with the ambassador from India to the United States. Mr. Griffith, earlier this year the U.S. was joined by Australia, Canada, Paraguay, Thailand, and Ukraine in filing a counter-notification with the World Trade Organization that documents how India's subsidies to their rice and wheat farmers far exceed allowable limits, effectively allowing them to sell their commodities to the rest of the world at lower than world market prices. With your experience in global commodity trading, can you share with us how India's over-subsidization impacts U.S. grocers, and are you supportive of a formal dispute process to ensure India is compliant with their WTO commitments?

Mr. GRIFFITH. Thank you for the question. I will say, just generally, we are supportive of free and fair trade, and the mechanisms to get there, to support that type of global activity. I would prefer to maybe yield to Ambassador Doud about the trade topic specifically from a policy perspective, because I think he is better suited to answer the question, or we could follow up.

Mr. THOMPSON. Well, why don't we follow up at this time, since my time has expired.

7/21/23

Prior to 2011, India had never been a major player in global rice trade with exports below 6.3 million metric tons (MMT). A change to India's domestic support program in 2011 resulted in 10.4 MMT of Indian rice exports with exports ranging from 10 to 12 MMT until 2020 when they jumped again to over 20 MMT. Today India's domestic support program, which includes subsidies for water, fuel, fertilizer

and even electricity, has resulted in India becoming the world's largest rice exporter by a very large margin. USDA is currently projecting Indian rice exports of 23 MMT, which is 41% of 56.4 MMT in total global rice trade. To put this in context, USDA currently projects U.S. rice exports for the coming year at 2.54 MMT. These additional Indian rice supplies have had a negative impact on rice prices globally for the past decade.

As USTR's Chief Agricultural Negotiator during the previous Administration, I had the honor of handing India's representative to the WTO in Geneva the first ever counter-notification in agriculture where the U.S. Government determined, using India's data, that India's domestic subsidies in rice were, as I recall, roughly 7–8 times above their WTO limits, and for wheat some 6–7 fold larger than India was allowed under the Uruguay Round agreement.

At that time, I fully supported the initiation of a formal dispute settlement process with India regarding both its domestic rice and wheat subsidy regime at the WTO, and I still do.

However, there has been a very recent development that merits very close attention and a fresh look as it relates to this subject. On Thursday, July 20, India announced its intention to ban (at least some) rice exports (see wire story below). This development now complicates this matter. I would recommend that the Committee consult with USDA and USTR to analyze the implications of this recent development before further action is considered.

Best regards,

Ambassador GREGG DOUD.

ATTACHMENT



[<https://www.reuters.com/markets/commodities/rice-prices-set-climb-further-after-india-export-ban-trade-standstill-2023-07-21/>]

Rice prices set to climb further after India export ban, trade at standstill

By NAVEEN THUKRAL¹

July 21, 2023, 1:28 a.m. EDT, Updated 3 days ago



Farmers plant saplings in a rice field on the outskirts of Ahmedabad, India, July 5, 2019. *Reuters/Amit Dave/File Photo.*

¹<https://www.reuters.com/authors/naveen-thukral/>.

Summary

- Buyers, sellers awaiting market reaction after India's ban
- Rice price rally comes after gains in wheat, sparks food inflation

Singapore, July 21 (Reuters)—Asian rice trade paused on Friday to digest the previous day's ban by India, by far the world's biggest supplier, of a major share of its exports of the staple, with prices expected to climb substantially in coming days, three traders said.

India, which accounts for 40% of world rice exports, on Thursday *ordered*² a halt to its largest rice export category to reduce domestic prices, which have climbed to multi-year highs in recent weeks as erratic weather threatens production.

"Rice prices are going to go up further in the export market. We expect a minimum gain of around \$50 a metric ton and it could be \$100 or even more," said one Singapore-based trader at an international trading company.

"Right now, everybody—sellers as well as buyers—are waiting to see how much the market goes up," the trader said.

Two other traders, one in Singapore and the other in Bangkok, said they expected a similar gain in prices. The traders declined to be identified as they are not authorised to speak to media.

"We haven't heard of any trades done today but buyers will have to pay higher prices to get cargoes as India's decision has taken out large volumes from the market," the second Singapore trader said.

India's decision to ban rice exports coincides with strong gains in the global wheat market that have sparked renewed concerns over red-hot food prices.

Global wheat prices jumped more than 10% this week, their biggest weekly gain in more than 16 months as Russian attacks on Ukrainian ports raised worries over global supply.

Rice is a staple for more than three billion people, and nearly 90% of the water-intensive crop is produced in Asia, where the dry El Niño weather pattern is likely to curb supplies.

In Thailand, the world's second biggest exporter, suppliers were waiting to find out prices before signing new deals.

"Exporters will not want to sell, they won't know what prices to quote," Chookiat Ophaswongse, honorary President of the Thai Rice Exporters Association, told Reuters. "Some traders expect prices could go as high as \$700–\$800 per (metric) ton."

Rice prices in top exporting countries had been rising on expectations of India's ban.

Vietnam's 5% broken rice was offered at \$515–\$525 per metric ton, its highest since 2011, before India's late-Thursday announcement.

India's 5% broken parboiled variety hovered this week near a 5 year peak at \$421–\$428 per metric ton and Thailand's 5% broken rice prices jumped to \$545 per metric ton—their highest since February 2021.

Reporting by Naveen Thukral; additional reporting by Khanh Vu in Hanoi and Panarat Thepgumpanat in Bangkok; editing by Robert Birsal.

SUBMITTED QUESTION

Question Submitted by Hon. Alma S. Adams, a Representative in Congress from North Carolina

Response from Lori Stevermer, President-Elect, National Pork Producers Council; Customer Success Manager, Alltech U.S. Pork Business

Question. Ms. Stevermer, you referred to how trade has allowed the U.S. pork industry to expand, in one case by as many as five new pork packing plants in a few years' time. Potential demand certainly has an effect on investments in the supply chain.

Even so, one fear I have is that U.S. workers risk being harmed in the rush to cater to foreign markets. After coming online, some of these plants and their local communities, like the one in Sioux City, Iowa, became COVID "hotspots" during the pandemic as a result of poor PPE distribution, lax enforcement of distancing and other protective measures, and undue influence on local health officials to keep plants open. This is on top of the everyday physical demands of meatpacking work.

Could you highlight ways we might work together to ensure that meeting foreign demand does not come at the expense of workers here at home?

²<https://www.reuters.com/markets/commodities/india-prohibits-export-non-basmati-white-rice-notice-2023-07-20/>.

Answer. We appreciate the question and as the group representing America's pork/hog producers we feel that this would be more thoroughly addressed by the companies that run these processing facilities and their trade association the North American Meat Institute. Overall, for the industry international trade adds \$63 to the value of each hog marketed, and in lean times like this when producers are losing money on their hogs, that makes the difference between a devastating loss and a catastrophic loss. Producers do not raise hogs specifically for the export market, we raise pigs for U.S. consumers. Unfortunately, there are certain cuts of meat that we cannot produce enough of like bellies (bacon) and ribs—which is why we imported over \$2.5 billion of these types of products in 2022. This creates a surplus in certain pork products. Much of what we export are variety meats and other cuts that aren't consumed domestically, so while we do trade extensively, a lot of that trade is aimed at ensuring we can make use of the whole carcass, not just the belly and ribs.

