



June 10, 2026

## Hearing Before the House Committee on Agriculture Entitled: Agricultural Perspectives on the Future of the USMCA

The U.S. Chamber of Commerce (“the Chamber”) appreciates the opportunity to testify on the importance of the United States, Mexico Canada Agreement (USMCA) to the strength, resilience and competitiveness of the U.S. food and agribusiness sector through the hearing entitled *Agricultural Perspectives on the Future of the USMCA*.

Preserving and strengthening our North American economic partnership is a priority for the U.S. business community. The Chamber represents companies of all sizes across every sector of the economy. Members range from the small businesses and local chambers of commerce that line the Main Streets of America to industry associations and large corporations.

We advocate for trade policies that help to make the United States the best place in the world to invest, build, hire, and innovate while also allowing American companies of all sizes and sectors to sell their goods and services to the 95% of the world’s consumers who reside outside of the U.S.

### **Agriculture under USMCA: foundational to exports, rural opportunity, and supply chain resilience**

Agribusiness is a cornerstone of the U.S. economy. For U.S. farmers, ranchers, processors, and the broader food system, the agreement is not just about tariff treatment at the border—it is about clear rules, predictable procedures, and science-based disciplines that reduce friction and keep goods moving.

According to the 2026 *Feeding the Economy* report, the U.S. food and agriculture industries generate more than \$10.4 trillion in economic value, about 20% of the national economy, and support 48.7 million jobs. This includes 24.3 million direct jobs in farming, manufacturing, processing, distribution, retail and food service. Food manufacturing alone employs 2.28 million workers, making it the largest segment of the U.S. manufacturing industry.

U.S. farmers, ranchers, and producers also depend heavily on trade, with agricultural exports valued at \$171.3 billion in 2025 (a 3% decline from 2024). One in four acres of American farmland planted to meet the demand from customers overseas.

High standard trade agreements like the USMCA open foreign markets and level the playing field for U.S. goods and services, including American agriculture as a major beneficiary. U.S. exporters have seen the results. While U.S. free-trade agreement partners comprise just 6% of the world's population outside of the United States, they have regularly purchased nearly half of U.S. exports.

The USMCA has generated substantial benefits to American workers, farmers, and companies across the breadth of the U.S. economy, including agriculture and related industries. The USMCA has strengthened the resilience of U.S. agribusiness and food security by expanding market access, maintaining competitiveness through access to critical inputs, strengthening regulatory alignment, and providing greater certainty for investments in integrated supply chains.

The agreement's best-in-class provisions—particularly in sanitary and phytosanitary (SPS) measures, technical barriers to trade, and transparency—help ensure that legitimate health and safety rules do not become disguised barriers to trade. That predictability is essential for export planning, production decisions, and investment across the entire value chain, from farm inputs and seed to processing, packaging, and distribution.

In light of these facts, the Chamber urges all parties to ensure that the 2026 USMCA joint review preserves the trilateral rules that are the foundation of U.S. trade with Canada and Mexico, addresses outstanding compliance issues, and provides American farmers, ranchers, and businesses with the certainty that needed to plan, invest and grow in North America.

## Mexico and Canada: Top Trading Partners for Agriculture

Mexico and Canada are the top two trading partners for U.S. goods and services, and agricultural products are no exception. **USMCA has contributed to an increase in U.S. exports to Mexico and Canada.** In 2025, Mexico was the top destination for U.S. agricultural exports, with a record \$30.6 billion, representing 18% of total U.S. agricultural exports in 2025 and an increase of nearly 60% over 2019 (19.4 billion), the year preceding USMCA's entry-into-force. Top U.S. agricultural exports to Mexico included corn, pork, dairy, soybeans, poultry, and beef.

Canada was the second largest market for U.S. agricultural exports, reaching \$28.2 billion in 2025. Top U.S. agricultural exports included bakery goods, fresh vegetables and fruits, ethanol, non-alcoholic beverages, and food preparations.

## Efficient, Integrated Agricultural Supply Chains Benefit U.S. Consumers

Canada and Mexico are not only our top trading partners, but we **make things together**, creating highly integrated supply chains across a wide range of industries. In this regard agriculture is no exception.

Tariff-free trade in for the vast majority of agriculture has increased the efficiency of cross-border supply chains by allowing each country to develop its respective strengths or comparative advantages. For example, much of U.S. agricultural trade with Canada is intra-industry trade – exporting products to one another within sectors like grains and feed (e.g. dog and cat food, mixes and dough, breakfast cereals) or products like beef and pork. In the case of Mexico, our bilateral agricultural trade is largely complementary. The U.S. exports grains, oilseeds, meat, and related products that Mexico doesn't produce enough of to meet internal demand. In turn, Mexico exports a wide range of vegetables, fruits, beverages, and distilled spirits to the United States, taking advantage of its growing season to supply products the U.S. doesn't produce in winter or in sufficient quantities.

Both Canada and Mexico are important sources of foreign direct Investment (FDI) in the U.S. food industry, supporting jobs, exports and R&D in all 50 states. In 2024, the cumulative position of Canadian FDI in the U.S. food industry reached nearly \$10.5 billion, up from \$7.1 billion in 2019 prior to USMCA's entry-into-force. Mexico is also an important source of FDI in the U.S. food industry, reaching \$6.6 billion in 2024.

U.S. FDI in Mexico and Canada contributes to our regional competitiveness. In 2024, US FDI in the food industry in Canada reached a total stock of \$8.1B and \$6.5B in Mexico on a historical cost basis.

Agriculture provides compelling examples of how companies can leverage these country-specific strengths. Some foods and ingredients simply cannot be sourced locally in sufficient quantities because they are not grown at scale in the United States. For example, oat acreage in the United States has been in steady decline since the 1940s, as farmers have opted to plant other crops. There is no longer a viable system for growing, storing, and transporting U.S. oats from farms to mills at the scale needed for conventional foods. At the same time, Canada is the world's largest producer and exporter of oats, with more than 90% of oats milled for food in the U.S. sourced from its northern neighbor. Thousands of U.S. jobs depend on oat imports to make a range of food products. Similar examples arise from pulp, fiber, cansheet used in canning fruits and vegetables, and more.

### **Why the USMCA Matter for Affordability**

At an especially critical time for household budgets, the USMCA supports affordability by helping keep North American food trade stable, predictable, and efficient—benefits that matter just as much to consumers at the checkout as they do to food businesses planning purchases, pricing, and supply.

- **The consumer affordability impact is meaningful.** A May 29, 2026, study commissioned by The Corn Refiners Association and the Agriculture Coalition for the USMCA from Purdue University's College of Agriculture ("The effect of North American Trade on U.S. Food Prices") uses BLS retail price data for 85 food items matched to NAFTA/USMCA tariff schedules and estimates that NAFTA-era tariff liberalization reduced the U.S. food price level by **about 22 index points (1993 = 100) by 2014** relative to a no-NAFTA counterfactual—equivalent to **roughly \$500 per year** in food-at-home savings for the average household.
- **Predictable, largely duty-free trade helps keep food prices lower over time.** The same study estimates that a **1 percentage point** reduction in preferential tariffs reduced **annual food price growth by about 0.6 percentage points**, with effects that **accumulate over time** (reaching roughly **2.8% after 10 years** per 1 percentage point tariff cut).
- **Cost is certainly essential for retail price stability.** The **National Retail Federation**, together with Canadian and Mexican counterparts, has

emphasized that **predictable trade costs under the USMCA are key to maintaining stable consumer prices and retail competitiveness**, warning that uncertainty around trade rules and tariffs can translate quickly into higher operating costs and price pressure.

- **Trade certainty matters even more in food sectors facing already challenging economics.** As the National Restaurant Association notes, “a fully operational USMCA framework is essential for maintaining low food costs, especially as restaurants and food distributors operate on razor-thin margins and remain highly sensitive to inflationary pressures. While much of the food served in U.S. restaurants is sourced domestically, imports from Canada and Mexico are indispensable for resilience and ensuring availability of product for consumers year-round.”
- **The risk of losing affordability gains is real.** The effect of North American Trade on U.S. Food Prices study also projects that removing the USMCA tariff preferences (a “symmetric reversal” scenario) could raise the food price index by **about 12–13 points above baseline within a decade**—a reminder that predictable, enforceable rules are not abstract policy benefits, but a practical tool for protecting affordability for families and providing cost certainty for food businesses.

To be clear, the USMCA’s value for agriculture should be understood not only in terms of market access for exporters, but also as a practical tool for keeping food and agricultural supply chains efficient—and food more affordable—at a moment when affordability is a daily concern for American families and cost certainty is essential for food businesses.

### **USMCA: State of the Art Provisions**

U.S. businesses, including producers and processors, are leaders in providing food for our country, as well as countries around the world through production, exports and trade of U.S. products, technologies, and services.

The USMCA provides clear, predictable rules that provide farmers, processors, exporters and investors with the certainty that they need to make business operating decisions. It maintains tariff-free access to the Mexican market for all U.S. goods exports. It maintains tariff-free access for nearly all U.S. products and eliminated some remaining barriers facing U.S. dairy and poultry exports. The agreement provides new market access for U.S. agricultural products, a fair non-discriminatory pricing plan,

and improved grading standards for products. It also ensures that the U.S. gains increased access to Canada's dairy, poultry, and egg markets.

In addition to market access, the USMCA established modern, science-based sanitary and phytosanitary standards that are the strongest achieved in any trade agreement. It provides transparency and information sharing on measures impacting trade in biotech products.

The agreement strengthens disciplines for science-based measures that protect human, animal, and plant health while improving the flow of trade. It addresses agricultural biotechnology—including new technologies such as gene editing—to support innovation and reduce trade-distorting policies. The intellectual property (IP) chapter offers enhanced protections for agricultural innovators e.g., precision agriculture technologies and digital solutions and institutes a more rigorous process for establishing geographical indicators. In addition, the USMCA's environment chapter enforces obligations including prohibitions on harmful fisheries subsidies and introduces articles to improve air quality, prevent and reduce marine litter, and support sustainable forest management. Continued mechanisms for trilateral engagement can help align regulatory cooperation and avoid non-tariff barriers to trade.

Customs modernization and trade facilitation are critical to moving goods quickly and securely across borders. The USMCA modernized customs procedures regarding advanced rulings, simplified entry, risk management, single window, e-signatures and self-certification of origin. In short, the USMCA provisions facilitate regional trade and investment in a way that reinforces key elements of food security—affordability, availability, quality and safety.

U.S. businesses play a critical role in feeding American families and customers worldwide, and the USMCA helps sustain that role by providing clear, predictable rules and durable, tariff-free access across North America. By strengthening market access and regulatory certainty—through modern, science-based SPS disciplines, transparency for biotech measures, stronger protections for innovation, enforceable environmental commitments, and streamlined customs and trade facilitation—the agreement supports regional trade and investment that underpin food security: affordability, availability, quality, and safety.

### **USMCA Compliance Priorities**

The Chamber strongly supports the USMCA, but its benefits—particularly affordability and supply chain stability—depend on full implementation and

compliance with the letter and spirit of the agreement. As the parties approach the scheduled joint review, several ongoing areas of non-compliance that warrant focused engagement and, where necessary, enforcement actions.

#### **Mexico – regulatory delays and SPS/biotech market access**

- **COFEPRIS delays for pesticides and agricultural chemicals:** Ongoing delays in registrations, marketing approvals, and re-registrations (including administrative updates) reduce predictability for U.S. suppliers and can disrupt access to essential crop-protection products.
- **Fresh potatoes access and predictability:** Continued attention is needed to ensure transparent, predictable access based on science, and to address efforts that would restrict commercially meaningful market access.
- **Agricultural biotechnology measures:** The United States has raised concerns about delays in biotechnology-related patent and licensing decisions, underscoring the need to uphold the USMCA's science-based commitments to provide predictable market access and prevent trade-distorting measures. And while the genetically engineered corn dispute has been resolved through USMCA dispute settlement, continued monitoring of Mexico's compliance remains essential to ensure future measures remain science-based and consistent with USMCA market access obligations.

#### **Canada – supply management administration and related barriers**

- **Dairy TRQ administration and access concerns:** Concerns persist regarding how TRQs are administered in practice, including eligibility limitations, allocation approaches, utilization, and certain activity requirements, with the goal of ensuring negotiated market access is realized commercially.
- **Milk class pricing and dairy export disciplines:** Ongoing scrutiny is warranted to ensure Canada's pricing and export-related commitments are fully met, with transparency sufficient to monitor compliance.

#### **Canada – additional import and retail barriers affecting U.S. exports**

- **Ministerial exemptions affecting bulk produce imports:** Restrictions on bulk imports unless exemptions are granted can impair predictable access and normal commercial flows.

- **Wine, beer, and spirits market access constraints:** Provincial liquor control board practices can create barriers and instability for U.S. exports and should be addressed to ensure durable, predictable access.
- **Cheese compositional standards:** Limits on certain milk protein inputs can reduce demand for U.S. products and warrant continued monitoring.
- **Seed variety registration frictions:** A slow, cumbersome system can disadvantage U.S. seed and grain exports; the USMCA's commitment to discuss seed regulatory systems should produce trade-facilitating outcomes.

#### U.S. – Section 232 tariffs on Mexico and Canada

- **Tariffs have negative downstream consequences for the competitiveness of U.S. agribusiness.** A large share of North American trade consists of “intermediate goods”—parts, components, and materials used to produce higher-value products in the United States—so these tariffs land directly on downstream metal-users that support agriculture, including farm machinery and essential food and beverage packaging inputs such as cansheet. In practice, any narrow benefits to a small slice of upstream producers come at the expense of the much larger downstream manufacturing base that relies on competitively priced, reliable inputs; for every job protected in upstream steel production, there are roughly 80 Americans employed by downstream manufacturers.

#### USMCA Dispute Resolution Working as Intended

The Chamber notes that, while trade “irritants” inevitably arise, the USMCA provides established dispute resolution avenues to address them in an orderly and effective manner that have worked in the agricultural space.

The genetically modified (GM) corn dispute is a prime example of the USMCA's robust dispute resolution provisions working as designed. When Mexico's 2023 Presidential Decree imposed a “tortilla ban” on GM corn in human food products and a gradual substitution policy phasing out GM corn in industrial and animal feed use, the U.S. challenged both measures under the USMCA's Sanitary and Phytosanitary Measures and National Treatment provisions. The December 2024 panel ruled against Mexico, finding the measures lacked proper scientific risk assessments and constituted unjustified import restrictions. Critically, Mexico complied swiftly—formally repealing the contested measures by February 4, 2025. The panel produced a binding, enforceable ruling with real teeth, the U.S. retained its \$5.6 billion in annual

corn exports without escalating to tariff retaliation, and USMCA Article 31.19 preserves a clear path to reconvene the panel if future measures re-trigger violations.

In other words, the case shows USMCA's dispute resolution working as designed: Science-based trade rules were enforced, compliance was achieved without a trade war, and the framework provided a structured path for ongoing oversight.

### **Agriculture and Trade Remedies: Prevent Escalation That Could Undercut USMCA**

The Chamber is deeply concerned that the escalating use of trade remedies and related disputes in North American agriculture is injecting significant uncertainty into cross-border supply chains and threatens to complicate broader efforts to preserve the stable, predictable market access that American businesses, workers, and consumers depend upon. While not formally part of the USMCA joint review, these developments demand the attention of policymakers on all sides of the negotiating table.

A near-term and consequential example is the U.S. Department of Commerce's decision to withdraw from the 2019 Agreement Suspending the Antidumping Investigation on Fresh Tomatoes from Mexico, which would revert trade to antidumping and related duty processes. Tomatoes are a staple of the American diet, and U.S. supply chains rely on consistent, high-volume cross-border flows to meet year-round consumer demand. Tomato prices are running **40% higher than the same period last year**—a stark indicator of the cost pressures American families and businesses are already absorbing. The United States imports significant volumes annually, with the vast majority sourced from Mexico, sustaining a broad network of American jobs across agriculture, warehousing, logistics, grocery retail, and food service. Abruptly terminating the suspension agreement risks compounding these cost pressures, increasing market volatility, and—critically—inviting retaliatory actions that could broaden harm well beyond a single commodity.

Retaliation is not a hypothetical risk. Recently, Mexico has initiated its own investigations into U.S. pork and apple exports in what many observers believe to be in direct response to the U.S.'s trade remedies action on Mexican tomato imports. Any Mexican countermeasures targeting U.S. exports of apples and pork would put at risk the tens of thousands of jobs and rural livelihoods that these sectors support. Similarly, looming threats to Mexican berry imports represent another flashpoint that could disrupt supply chains consumers and businesses on both sides of the border rely upon. A tit-for-tat escalation across multiple agricultural categories would be deeply damaging and difficult to reverse.

From a USMCA perspective, these developments underscore precisely why the joint review must reinforce the core principles that have enabled North American agricultural trade to grow and remain resilient: preserving market access, maintaining tariff-free trade where applicable, and upholding the agreement's strong, science-based sanitary and phytosanitary commitments—ensuring that legitimate health and safety measures are never deployed as disguised barriers to trade.

The Chamber urges policymakers to prioritize de-escalation and negotiated solutions where appropriate, so that trade remedy frictions in sensitive agricultural sectors do not spill over into the broader USMCA review and undermine confidence in North American agricultural integration. The strength of the USMCA framework lies in its ability to provide certainty and predictability. That foundation must be protected.

### **Conclusion**

The USMCA is vital to U.S. agriculture and agribusiness—and to North America's ability to continue meeting regional and global demand for food—because it preserves critical market access for U.S. farmers and food producers, supports innovation, and strengthens investment across highly integrated, cross-border supply chains. By lowering friction and reducing uncertainty, the agreement helps keep these supply chains functioning efficiently, which supports affordability and more stable food costs for American consumers. As the agreement undergoes its joint review, the priority should be to reinforce what works, close compliance and enforcement gaps, deliver the predictability U.S. agriculture and the broader food economy need to plan, invest, and compete across North America.

Sincerely,

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U.S. Chamber of Commerce