

TRADE POLICY AND PRIORITIES

HEARING
BEFORE THE
SUBCOMMITTEE ON LIVESTOCK AND FOREIGN
AGRICULTURE
OF THE
COMMITTEE ON AGRICULTURE
HOUSE OF REPRESENTATIVES
ONE HUNDRED SEVENTEENTH CONGRESS
FIRST SESSION

NOVEMBER 17, 2021

Serial No. 117-23



Printed for the use of the Committee on Agriculture
agriculture.house.gov

U.S. GOVERNMENT PUBLISHING OFFICE

47-126 PDF

WASHINGTON : 2022

COMMITTEE ON AGRICULTURE

DAVID SCOTT, Georgia, *Chairman*

JIM COSTA, California	GLENN THOMPSON, Pennsylvania, <i>Ranking Minority Member</i>
JAMES P. MCGOVERN, Massachusetts	AUSTIN SCOTT, Georgia
FILEMON VELA, Texas	ERIC A. "RICK" CRAWFORD, Arkansas
ALMA S. ADAMS, North Carolina, <i>Vice Chair</i>	SCOTT DESJARLAIS, Tennessee
ABIGAIL DAVIS SPANBERGER, Virginia	VICKY HARTZLER, Missouri
JAHANA HAYES, Connecticut	DOUG LAMALFA, California
ANTONIO DELGADO, New York	RODNEY DAVIS, Illinois
BOBBY L. RUSH, Illinois	RICK W. ALLEN, Georgia
CHELLIE PINGREE, Maine	DAVID ROUZER, North Carolina
GREGORIO KILILI CAMACHO SABLAN, Northern Mariana Islands	TRENT KELLY, Mississippi
ANN M. KUSTER, New Hampshire	DON BACON, Nebraska
CHERI BUSTOS, Illinois	DUSTY JOHNSON, South Dakota
SEAN PATRICK MALONEY, New York	JAMES R. BAIRD, Indiana
STACEY E. PLASKETT, Virgin Islands	JIM HAGEDORN, Minnesota
TOM O'HALLERAN, Arizona	CHRIS JACOBS, New York
SALUD O. CARBAJAL, California	TROY BALDERSON, Ohio
RO KHANNA, California	MICHAEL CLOUD, Texas
AL LAWSON, Jr., Florida	TRACEY MANN, Kansas
J. LUIS CORREA, California	RANDY FEENSTRA, Iowa
ANGIE CRAIG, Minnesota	MARY E. MILLER, Illinois
JOSH HARDER, California	BARRY MOORE, Alabama
CYNTHIA AXNE, Iowa	KAT CAMMACK, Florida
KIM SCHRIER, Washington	MICHELLE FISCHBACH, Minnesota
JIMMY PANETTA, California	JULIA LETLOW, Louisiana
ANN KIRKPATRICK, Arizona	
SANFORD D. BISHOP, Jr., Georgia	

ANNE SIMMONS, *Staff Director*
PARISH BRADEN, *Minority Staff Director*

SUBCOMMITTEE ON LIVESTOCK AND FOREIGN AGRICULTURE

JIM COSTA, California, *Chairman*

ABIGAIL DAVIS SPANBERGER, Virginia	DUSTY JOHNSON, South Dakota, <i>Ranking Minority Member</i>
JAHANA HAYES, Connecticut	SCOTT DESJARLAIS, Tennessee
J. LUIS CORREA, California	VICKY HARTZLER, Missouri
JOSH HARDER, California	DAVID ROUZER, North Carolina
RO KHANNA, California	TRENT KELLY, Mississippi
CYNTHIA AXNE, Iowa	DON BACON, Nebraska
BOBBY L. RUSH, Illinois	JAMES R. BAIRD, Indiana
STACEY E. PLASKETT, Virgin Islands	JIM HAGEDORN, Minnesota
ANGIE CRAIG, Minnesota	TRACEY MANN, Kansas
SANFORD D. BISHOP, Jr., Georgia	RANDY FEENSTRA, Iowa
	BARRY MOORE, Alabama

DANIEL FEINGOLD, *Subcommittee Staff Director*

CONTENTS

	Page
Costa, Hon. Jim, a Representative in Congress from California, opening statement	1
Prepared statement	3
Johnson, Hon. Dusty, a Representative in Congress from South Dakota, opening statement	4
Thompson, Hon. Glenn, a Representative in Congress from Pennsylvania, opening statement	6
WITNESSES	
Stenderup, Kent, Managing Partner, Stenderup Ag Partners; Member, Board of Directors, Blue Diamond Growers, Bakersfield, CA	7
Prepared statement	9
Vander Woude, Simon, Dairyman, Member-Owner and Chairman, Board of Directors, California Dairies, Inc.; First Vice Chairman, Executive Committee, National Milk Producers Federation, Merced, CA	13
Prepared statement	15
Redhouse, Latashia, Director, American Indian Foods Program, Intertribal Agriculture Council, Vernal, UT	23
Prepared statement	25
Sorenson, Jen, President, National Pork Producers Council, Washington, D.C.	28
Prepared statement	29
Scott, Kevin, President, American Soybean Association, St. Louis, MO	34
Prepared statement	36
SUBMITTED MATERIAL	
Gallo, Sarah, Vice President, Agriculture and Environment, Biotechnology Innovation Organization, submitted letter	63

TRADE POLICY AND PRIORITIES

WEDNESDAY, NOVEMBER 17, 2021

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

The Subcommittee met, pursuant to call, at 10:02 a.m., in Room 1300 of the Longworth House Office Building and via Zoom, Hon. Jim Costa [Chairman of the Subcommittee] presiding.

Members present: Representatives Costa, Spanberger, Hayes, Harder, Khanna, Axne, Rush, Plaskett, Craig, Bishop, Johnson, DesJarlais, Hartzler, Rouzer, Kelly, Bacon, Hagedorn, Mann, Feenstra, Moore, and Thompson (*ex officio*).

Staff present: Lyron Blum-Evitts, Daniel Feingold, Prescott Martin III, Caleb Crosswhite, Jennifer Tiller, Erin Wilson, and Dana Sandman.

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

The CHAIRMAN. The Subcommittee on Livestock and Foreign Agriculture will now come to order. I want to thank my colleagues, Members of the Subcommittee, for their participation this morning. The topic that is going to be discussed is trade policy and priorities, which, for American agriculture, is always a critical issue that we are engaged in. And, as we look at the challenges that we face with American agricultural trade over the last decade, I would say, and then prior to the pandemic, and then the effects of our supply chain being turned upside down with the closure of restaurants and schools. Last spring we have seen how fragile that very complicated, complex food supply chain can turn on its head, and of course the impact to prices in terms of not only our producers and processors throughout the country, but our consumers, who feel them when they are at the grocery store. And, of course, we see that being impacted today, and I am sure that will be part of the conversation that we have.

I want to thank Members of the Subcommittee for your participation, and I want to thank the witnesses as well. We have four witnesses that will provide a good regional perspective of how they view the trade policy and priorities, and make good suggestions to all of us. And, after my opening remarks, we will receive testimony from our witnesses, and then, following our normal procedure, we will recognize Members based upon alternating Democratic, Republican, Democratic, Republican, after the testimony has been presented to us. Members will be recognized in the order of their ar-

rival that staff will inform me on what their order of arrival was, and I will rely on that to be the judgment.

And, of course, everybody is familiar with the 5 minutes you have to ask questions or make statements. Sometimes Members like to do both. But obviously, given the hybrid manner in which this hearing is being held, those who are participating from your desktop, or wherever you might be, please mute yourself. We all sometimes forget that we are multitasking, and you may be doing something else, and you are live, and that, obviously, is not helpful for the Subcommittee's hearing purpose.

In consultation with the Ranking Member, my friend from South Dakota, pursuant to Rule XI(e), I want to make the Members of the Subcommittee aware that we may have Members of the full Committee join us today, and oftentimes the Chairman and the Ranking Member do that, and when they do, we certainly give them the opportunity to comment. So, without objection, the Chair may recess the Committee, subject to call of order of the Chair at any point during this hearing. It is an informational hearing. I don't think we are going to get into any big disputes that that would be required. So let me start with my opening statement.

I would like to thank our witnesses in advance. We know that trade is a critical part of American agriculture. We held a hearing on this last month. We are listening to some of the impacts that our supply chain are having in terms of not only getting products into our country, but also the fact, as an example, the Port of Los Angeles and Long Beach that handle 40 percent of the container imports that we find, that, unfortunately, some of those containers ships are departing empty, and I think that is a challenge that we have to address.

The President, obviously, has attempted to focus on making changes to that effect. There are pieces of legislation that are attempting to try to relieve this bottleneck that we are having within our supply chain. But when you look at, again, my home state as an example, 44 percent of the agriculture that we produce in California is exported. That is a big number, it is almost half. And a lot of these products have a shelf life, in terms their perishable nature, and the notion that they can simply wait is not acceptable.

This hearing today presents an opportunity for us to hear from a diverse group of agricultural stakeholders about their trade priorities and barriers that they face, and it is important for we, as Members of Congress, and this Subcommittee, that focuses not just on livestock but foreign trade, that we are listening to, and do, whatever we possibly can to deal with these current challenges. And I think when we talk about the efforts that the Biden Administration is following, how we can complement those efforts.

I want to acknowledge that our witnesses' testimony on supply chain concerns were raised multiple times last month. This issue has been focused on. We are still—I don't think we completely have a handle on all the things I think we need to be doing to deal with this critical supply chain problem, but I think we need to continue to be focused, and remind people of the importance of remedying this problem. And these slowdowns just don't impact consumers, but they hurt our farmers, our dairymen and -women, our agricul-

tural workers. It has a ripple effect that obviously we are feeling today.

Constructing a productive agricultural trade agenda is important, whether it was the last Administration or this Administration, and I think that with the incredible production that American agriculture is capable of producing, we need to make sure that we work hand in glove with American agriculture, and different challenges we know are being faced by farmers in different regions of our country. So that is why I am looking forward to hearing from the witnesses today on how we can better improve our trade policy from over the past few years.

We have engaged in a number of agreements, talks with nations around the world, including Japan, China, Canada, and Mexico. Exciting news that we have reached an agreement with Japan, that I think the Administration is announcing today, on how we can coordinate that effort. I was a supporter of the Trans-Pacific Partnership some 4 or 5 years ago that was worked on by multiple Administrations, and unfortunately we dropped out of that, in my view. But I did support the previous Administration's efforts with the U.S.-Canada-Mexico Trade Agreement. Obviously, now we need to make sure that the commitments from that trade agreement are complied with, whether we are talking about phytosanitary standards, or a host of other efforts between our neighbors to the north, and to the south, Canada and Mexico.

Now we find ourselves in a situation where China's continuously changing regulations that cover the rules of engagement for U.S. food and agricultural business is once again staring us in the eye. The expanded registration requirements for U.S. facilities under Decree 248 is just one example, and I think these relationships need to be worked on. I am pleased this week that the Biden Administration had a high-level discussion, and the fact is, is that we have to stay on top of this.

Agriculture and trade must be considered as we look at the global adoption of sustainable alternatives not only to reduce greenhouse gas emissions as it relates to climate change, but many of the people on the panel that are testifying will tell you incredible things that they are doing to, in fact, reduce their own carbon footprint. I look forward to hearing how these initiatives may be advanced through trade. The panel before us has in-depth knowledge. I have read their testimony, look forward to hearing it, and asking questions. So I think this is a good point of productive discussion on how we can expand global trade.

[The prepared statement of Mr. Costa follows:]

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

Good morning. To start I'd like to thank our witnesses, Ranking Member Johnson, and the other Members of the Subcommittee. Trade is a vital part of our agriculture industry here in the United States. It is an essential tool for our farmers and ranchers and so many rely on strong trade relationships to ensure fair access to the global marketplace.

This hearing presents a great opportunity to hear from a diverse group of agricultural stakeholders about their trade priorities and the barriers they face to help keep us as Members of Congress aware and informed as we continue to discuss the agricultural trade policy strategy. We can then use that information to work with

our counterparts abroad, and the Biden Administration, to develop a trade agenda that benefits farmers.

I want to acknowledge that in our witness's testimony supply chain concerns were raised multiple times. This is an issue that I have been very focused on and I know that we have had a few hearings on supply chain concerns in the Agriculture Committee, but I think it is important to continually remind people of the importance of remedying this problem. These slowdowns don't just impact end-consumers, they also hurt farmers and trade flows.

Constructing a productive agricultural trade agenda is important for many reasons. My home State of California is a great example of the range of agricultural products that are grown and exported from the United States. California is the most diverse agricultural state, it is the number one state in citrus production, provides close to 20 percent of American dairy production and provides 99 percent of the country's pistachios and 80 percent of the world's almonds. Having such a wide range of products within my state has given me perspective on the different challenges that farmers face.

That is one reason why I am looking forward to hearing from our witnesses today. We have an opportunity to hear from a range of commodity groups on how trade policy affects their products and how we can improve and alter our trade agreements to benefit a broad swath of American producers.

Over the past few years, we have engaged in a number of trade agreements and talks with nations around the world, including Japan, China, Canada, and Mexico. It is vital that we learn from those agreements what has benefited farmers, and what may need improvement as the new Administration reviews the performance of these trading relationships. And the trade issues that arise are changing all of the time—such as China's continuously changing regulations that govern the rules of engagement for U.S. food and agricultural businesses. The expanded registration requirement for U.S. facilities under Decree 248 is just one example that I've been hearing about recently. So, these relationships require constant nurturing. I'm pleased that this week alone, the Biden Administration is engaged in high level meetings with all of the nations I just mentioned.

Another issue that I believe must be a part of every discussion is climate change. When we think about agriculture and trade, we must consider how we can advance global adoption of sustainable alternatives to reduce greenhouse gas emissions. I know that many of the organizations represented on today's panel have worked to improve their sustainability and set goals for continuous improvement. I look forward to hearing how those initiatives may be advanced through trade.

The panel before us provides a depth of knowledge and varied perspective on how our trade agenda can benefit American farmers and ranchers.

I look forward to a good and productive discussion on how we can all work together to expand global access to American agricultural goods. Before the introduction of our witnesses, I'd like to recognize the Ranking Member, Mr. Johnson of South Dakota, for any remarks he'd like to make.

The CHAIRMAN. And I would like to recognize my friend, the Ranking Member from South Dakota, Mr. Johnson, for any remarks he would like to make at this time.

**OPENING STATEMENT OF HON. DUSTY JOHNSON, A
REPRESENTATIVE IN CONGRESS FROM SOUTH DAKOTA**

Mr. JOHNSON. Thank you, Mr. Chairman. I want to thank you also for this hearing, and for the topic. It is hard to overstate the importance of market access to American agricultural producers, so thank you to you and the Committee staff. Of course, thank you also to the witnesses before us.

American farmers and ranchers, they produce the highest quality crops, livestock, poultry, and dairy in the world, and, not for nothing, they produce them efficiently. That value proposition is well known across the globe, and that is why 20 percent of American agriculture production is exported. And since we have one of the nation's foremost leaders in soybeans with us today, I should note that that is doubly true for soybeans. Half of America's soybeans, and 60 percent of South Dakota's soybeans, are sold overseas.

And that international demand, of course, that exerts upward pressure on price. That means billions, billions of dollars for American producers. Trade accounts for an average of \$56 of value for each hog marketed in this country. You just think about how much real money that is, and how that ripples throughout rural economies, from the farmgate to main street. Just an enormous impact.

So the price American farmers and ranchers receive for their production depends, in no small part, on the strength of America as an exporter, and, frankly, as a negotiator. Can we secure fair deals with other countries? And at the end of the last Administration we made some positive progress on a Phase One agreement that included numerous sanitary, and phytosanitary, and biotech provisions that increase the accessibility and the predictability in the Chinese market. Again, critically important. And we don't want to let that progress get lost between Administrations, and so we want to continue to be proactive and ambitious.

An important step here would be for this Administration to prioritize trade, and our trading relationships, and work to give agriculture a better seat at the table. This Administration's approach to trade, it has to become more ambitious, because every day that our country doesn't lead, others will fill the gap. It took, I think we all realize, 9 months for a Chief Agricultural Negotiator to get appointed, and we are still awaiting a nominee for Under Secretary of Foreign and Agricultural Affairs. And I think it is important that the priorities of all of our witnesses, and frankly, American agricultural producers across the country, are represented as we are talking about expanded market access, increased exports, and a more level playing field.

And then I think the Chairman did a good job mentioning the supply chain, so I will touch on that. This Administration must continue to seek pragmatic solutions to the supply chain crisis, which is putting a serious strain on our American agricultural producers, and, frankly, the entire U.S. economy. The full Committee heard from a slate of witnesses a few weeks ago about the combination of challenges contributing to the crisis, and the breaking of consumer confidence, that includes the repercussions of that, and the cause of that, can be increased inflation, skyrocketing energy cost, a shortage of available goods and labor.

And while our supply chain falters, our trading relationships falter. I am glad to hear many of our witnesses will be speaking to the importance of passing the Ocean Shipping Reform Act of 2021 (H.R. 4996), which I am leading with Representative Garamendi. And I am grateful for the support of so many on this Committee for that legislation, and it is that support, that growing support, more than 200 national organizations, last time I checked, more than 70 Members of the House that is going to keep that momentum building.

So, by way of closing, Mr. Chairman, I would just note I am looking forward to the remarks of our witnesses, and to learning about their priorities, as well as their thoughts for how we can move forward. Thank you, sir.

The CHAIRMAN. I thank the gentlemen for his opening comments, and I just want to note that Congressman Garamendi and I began working on that effort with the legislation to make changes in

ocean shipping and Federal Maritime Commission, and how they operate, and on the issues of demurrage, and also some of the other problems that we are having at our ports and harbors. And I want to thank the Ranking Member for his efforts, along with mine, with the Problem Solvers' Caucus to get their endorsement on that important legislation. It is part of an overall effort that I think we have to be engaged in.

The Chair will now recognize, if the gentleman from Pennsylvania would like to make any opening comments. If not, we will proceed onto our witnesses.

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

Mr. THOMPSON. No, I absolutely would like to make some opening comments. Thank you, Mr. Chairman, Ranking Member, this important hearing, is critically important. I echo the sentiment of Ranking Member Johnson, and echo his calls for this Administration to prioritize trade. We know that in the Great Recession, 2009, it was trade that resulted in agriculture being the only industry that did not really fail and falter the way that others did. And it is so incredibly important.

I also ask my colleagues to commit to hosting Ambassador Tai sooner than later, and once approved, our Chief Agriculture Negotiator. We need those voices at the table. It is long overdue. Yes, we need to have them before the full Agriculture Committee so we can have a good conversation, and to be able to work with them in a committed way for trade.

We need our trading partners to stand by their existing commitments, and we have issues with that. Recent travels in Georgia, Florida, there are some abuses that Mexico is doing in and around—circumventing the USMCA, really hurting our fruits and vegetables, and our trading partners need to be held accountable. On the Northern Tier, where I hail from, it is Canada circumventing a great change to their isolationist dairy policy, which they did eliminate what we asked them to eliminate, but then they created, like, a IVa to circumvent it, and that is not acceptable.

The CHAIRMAN. Right.

Mr. THOMPSON. And it is really disturbing that we don't have, as of yet, an official Chief Agriculture Trade Negotiator, because they needed to be at the table to help with the oversight of that. And so the Administration needs to step up and work overtime to mitigate the many problems impacting our supply chains, much of which impacts our exports, and the viability of our producers.

I have been a little, actually, disturbed with all the conversation coming out of the White House, and they are focused on those—what looks like the Japanese armada parked off the coast of your great state, Mr. Chairman, with the focus being how fast can we go unload those foreign manufactured goods, get them on trucks, so that Americans can buy them, and then we are sending—what seems to be happening is—and maybe we will hear a little more about this today—we have these shipping containers going back empty, while we have agriculture commodities sitting at the ports, paying fees to be staged there. And so we need the Administration to wake up and to recognize it is shipping both ways. It is just not

getting them unloaded and distributing those foreign manufactured goods, but we need to be able to have—be shipping our commodities, our agriculture commodities, those things that those great Americans, those American farmers, and ranchers, and foresters, produce each and every day.

I may have to step out here. I actually have a meeting with the Chairman of the full Committee, and I apologize for that, but I look forward to further reviewing witness' testimony, and gathering information from the responses to Member questions. And with that, I yield back.

The CHAIRMAN. Well, I thank the Ranking Member for his comments, and let me just assure you that in my conversations with the Secretary of Agriculture, they are very acutely aware of the situation with the container problem, and we brought this to their attention earlier this year. It is one of the reasons this legislation that we are supporting with Congressman Garamendi is important, so that we can have various options to prevent these ships from returning empty. Everyone recognizes that is a problem, and we intend to do something about that. As far as getting Ambassador Tai before the full Committee or the Subcommittee, we are working on both, and I—for all the right reasons that you articulated.

And finally, there is a bit of a two-way street, I believe, and that is that, while the Administration has moved with nominations, the Senate has a clock of their own, it seems as it comes to confirming these appointments, and so that is part of the challenge that we face. And so, with that said, let us begin with our first witness. Mr. Kent Stenderup is a third-generation farmer in Arvin, California, in the southern San Joaquin Valley. Prior to the last reapportionment, I used to represent him, and the incredible producers down in that portion of Kern County. Their family operation is well known, third generation farm. It consists of a diversified agricultural portfolio that includes trees, vines, and row crops. He and his family have for years participated in many different ways. He is a Board Director of Blue Diamond Growers, and he is testifying on their behalf. So, without further ado, I would like to recognize our first witness for 5 minutes, Mr. Kent Stenderup. Kent?

STATEMENT OF KENT STENDERUP, MANAGING PARTNER, STENDERUP AG PARTNERS; MEMBER, BOARD OF DIRECTORS, BLUE DIAMOND GROWERS, BAKERSFIELD, CA

Mr. STENDERUP. Good morning, Mr. Chairman, and Members of the Committee. Thank you for holding this timely hearing on this very important subject. My family has been honored to have Chairman Costa as our Assemblyman, and also as our Congressman for a few terms.

The CHAIRMAN. It is good to see you in those golden fields of Arvin.

Mr. STENDERUP. Yes, that is being hopeful. It happens once every 5 years. We get snow down to about—feet.

The CHAIRMAN. Right.

Mr. STENDERUP. Also, welcoming Member Josh Harder, who is a very important ag leader in our valley also. As it is been mentioned, I am Kent Stenderup, and I am the Managing Partner for the family farm. We have 800 acres of almonds, 900 acres of row

crops. We also grow some Thompson seedless grapes that are used for white grape juice concentrate, and that concentrate is non-added sugar for a non-corn fructose natural sweetener. It is used for jams, jellies, and fruit juices, and we are in the—and the way that our growers co-op, I happen to be on that co-op board also. We are in the process of filing a countervailing and dumping charge against Argentina with the Department of Commerce and the USTR.

So as you can hear, my family believes in the co-op business model, but, I am here today to testify on behalf of Blue Diamond Growers as a Director and Grower Member. Blue Diamond Growers is a nonprofit grower-owned cooperative organized in the year 1910. Over half of the 6,000 almond growers in California belong to Blue Diamond Growers. I am the immediate past Chair of the Almond Board of California, which is the Federal Marketing Order overseen by USDA that benefits our industry. It is very much appreciated that you are holding this important trade hearing on policy and priorities. Trade is the lifeblood of U.S. ag.

Blue Diamond is the world's leading almond marketer and processor. We employ over 1,900 employees, with our headquarters in Sacramento. Blue Diamond ships almonds to all 50 states, and also including India, Spain, China, Japan, just to name a few destinations. And yes, we too support Elaine Trevino as the Ag Trade Ambassador at USTR. The President nominated her, and now we hope the Senate will confirm her. She has agricultural support. Get those markets open worldwide. And also the empty position at the Under Secretary of Trade and Foreign Ag.

It is important that the Committee support the Foreign Agricultural Service as much as possible. This Committee is encouraged to do all possible and necessary to support FAS, its employees, and its necessary budget. It is hoped and recommended that the Committee recognize the importance and benefit that U.S. agriculture receives from the Market Access Program, also known as MAP. The program is an outstanding example of the real partnership between government and ag exporters. If you are not familiar, this is an important cost-sharing program. This program helps our members promote and advertise in countries where it would not otherwise be possible.

Since Blue Diamond sells and exports its members' almonds under the Blue Diamond brand, it is penalized with stricter rules and increased matching requirements. This is the Trade Association having those benefits over something known as a co-op model. May it be respectfully suggested that this Committee investigate this, and correct this difference? Cooperative farmers should not be treated differently than farmers whose products are promoted by the trade associations. This discrimination should end, and will with your help.

Mr. Chairman, and Members of the Committee, thank you very much for the opportunity to present this testimony, and for your attention. I will be pleased to answer any questions you may have. Thank you.

[The prepared statement of Mr. Stenderup follows:]

PREPARED STATEMENT OF KENT STENDERUP, MANAGING PARTNER, STENDERUP AG PARTNERS; MEMBER, BOARD OF DIRECTORS, BLUE DIAMOND GROWERS, BAKERSFIELD, CA

Mr. Chairman and Members of this Committee, thank you for holding this timely hearing on this very important subject. It is appreciated.

My name is Kent Stenderup, and I am the managing Partner of Stenderup Ag Partners, a family-owned farm in Arvin, California. We grow 850 acres of almonds, 900 acres of row crops including potatoes, carrots, sweet potatoes, processing tomatoes and processing onions.

We also grow 420 acres of Thompson Seedless grapes. These are processed into the best white grape juice concentrate available. White grape juice concentrate is in high demand as a non-added-sugar, non-corn fructose natural sweetener. It is used as an ingredient in a variety of products such as jams, jellies, fruit juices, confectionery products, energy bars and more.

I am here today to testify on behalf of Blue Diamond Growers and as a director and grower member. Blue Diamond Growers is a nonprofit grower owned cooperative which was organized in 1910. This year is our 111th anniversary. Over half the 6,000 almond growers in California belong to Blue Diamond Growers.

For your background, I am also a Director of Delano Growers Grape Products cooperative and have a strong background in the specialty crop and fresh produce sectors.

I am the immediate past President of the Almond Board of California, which is the Federal Marketing Order overseen by USDA that benefits our almond industry.

It is very much appreciated that you are holding this important hearing on Trade Policy and Priorities, since trade is the life blood of U.S. agriculture and the California almond industry. Blue Diamond exports its members almonds to over 100 countries worldwide.

Blue Diamond is the world's leading almond marketer and processor. We employ over 1,900 employees. The average size of our family farm members is under 100 acres. Its headquarters is in Sacramento, California. We have processing plants in Sacramento, Salida and Turlock. Our grower members deliver their almonds to our receiving stations in Sacramento, Salida, Chico, Arbuckle, and Fresno.

Blue Diamond almonds are sent to all 50 states and to India, Spain, Germany, China/Hong Kong, UAE, Japan, Italy, and the Netherlands to name the top ten destinations. Of course, both Canada and Mexico are very good markets. Worldwide, Blue Diamond exports almonds and almond products to over 100 countries.

With your permission, may the next few minutes be focused on important trade issues that it is urged this Committee address. Since resolving trade issues is critical to the success of the California almond industry and all U.S. agriculture, please direct your attention to putting the Agriculture Trade Ambassador in place at USTR. The President has nominated Mrs. Elaine Trevino to take this position. She is very well qualified and has widespread support in agriculture. While it is the job of the Senate to confirm her, it is requested that you do all possible to make it happen. This position needs to be filled to work on opening markets worldwide.

Second, the empty position of Under [S]ecretary for Trade and Foreign Agriculture Affairs at USDA needs to be filled. The current acting Under [S]ecretary is doing an excellent job, but the position needs to be filled.

Please allow me to identify four important markets and the current problems in each that need to be addressed by the Agriculture Ambassador at USTR and the Under [S]ecretary for Trade at USDA.

First, it is important to note that the Foreign Agriculture Service at USDA and all its foreign offices are doing a wonderful job supporting all U.S. agriculture exports and especially California almonds. This Committee is encouraged, and it is recommended that it do all possible and necessary to support the Foreign Agriculture Service all its employees and its necessary budget.

The three countries and one trading bloc of immediate concern are India, China, European Union, and Mexico. Please let me describe the situation in each.

India

India is a critically important market for California almonds, with shipments in 2019 valued at approximately \$733 million. India is the number one export destination for U.S. almonds. California almonds have represented the leading agricultural product traded between the two countries, and the growth of India's market stands as a testament to the cooperative work of the U.S. Government and Blue Diamond over the past 4 decades to establish, maintain, and grow this market. A primary objective is to eliminate the retaliatory duties currently in place. Then the actual duty should be reduced.

The following table provides an overview of India's current tariff structure for in shell and shelled almonds. India currently has imposed additional duties on U.S. almonds in retaliation for U.S. actions on steel and aluminum. The U.S. has taken this case to the WTO where it is pending.

Product	Tariff
In-Shell Almonds	42 Rupees/kilogram
Shelled	120 Rupees/kilogram
Flour/Meal	30%
Prepared/Preserved	30%

Source: World Trade Organization, Tariff Download Facility.

The following table provides a summary of exports to India in key categories over the most recent 4 years (2017–2020).

U.S. Exports to India (Value, US\$000)

Product	2017	2018	2019	2020
In-shell	583,623	543,361	691,922	783,492
Shelled	74,331	56,203	40,831	40,717
Pres./Prep.	246	0	30	103

On July 1, 2017, India implemented a new, nation-wide goods and services tax (GST). On the positive side, this action brought new transparency and predictability to doing business within India. Unfortunately, in implementing the new regime, the government placed dried fruits and nuts in a category subject to a 12 percent GST. There had been an expectation among the trade that these products would be placed in the five percent GST basket, which the Indian Government in fact has selectively done for other commodities including cashews, walnuts, and raisins. While the new GST regime is not without positive elements, as previously noted, it is requested that India will subject all dried fruit and nuts, including almonds, equitably to the five percent GST level.

China

China has in the past ranked as the number one almond export destination. It is number one, when both direct and indirect channels are considered. While China is currently a significant market for California almonds, both through direct and indirect channels, the country holds significant potential for future market growth, particularly if all existing tariffs can be eliminated. The highest priority for China must be the elimination of the retaliatory duties currently in place. Almonds must be a high priority for duty reduction in China.

The following table provides an overview of China's most favored nation (MFN) tariff structure for products within the almond complex. It must be noted that China currently imposes additional duties on U.S. almond exports.

Product	Tariff
In-Shell Almonds	55%
Shelled	55%
Flour/Meal	45%
Prepared/Preserved	30%

Source: World Integrated Trade Solutions.

The following table provides a summary of exports to China in key categories over the most recent 4 years (2017–2020).

U.S. Exports to China (Value, US\$000)

Product	2017	2018	2019	2020
In-shell Almonds	24,360	21,138	66,644	149,314
Shelled Almonds	74,893	98,369	106,536	191,770
Pres./Prep. Almonds	1,687	3,840	841	4,101

Australia enjoys preferential tariff access for its almonds under its Free Trade Agreement that entered into force in December 2015. The following table provides a comparison of the rate charged to U.S. products *versus* like Australian products. As noted, the tariffs on Australian products reached zero in January 2019 which gives them a definite advantage.

Product	Current Tariff for U.S.	Current Tariff for Australia	Date When Duty Free for U.S.	Date When Duty Free for Australia
In-Shell	55%	0%	N/A	January 1, 2019
Shelled	55%	0%	N/A	January 1, 2019
Flour/Meal	45%	0%	N/A	January 1, 2019
Prepared/Preserved	30%	0%	N/A	January 1, 2019

With the elimination of China's import duties on almonds and almond products, it is estimated that direct exports of almonds to China could reach \$800 million within 5 years. This estimate considers the growing demand from China's expanding middle class, together with the increased incentive to ship products directly to China. China did grant an exclusion for some processed almond products under the existing procedure. This exclusion should be granted for all Blue Diamond almonds and almond products.

European Union

The European Union (EU) is both a leading market and, to a lesser degree, a competitor for California almonds. While dwarfed by the size of U.S. production, Spain is the world's 2nd largest almond producer.

The following table provides an overview of the most favored nation (MFN) duty structure presently facing almonds entering the EU:

Product	Tariff
In-Shell Almonds	2% for first 90,000 MT* 5.6% for subsequent volumes
Shelled	2% for first 90,000 MT* 3.5% for subsequent imports
Flour/Meal	8.3%
Prepared/Preserved	9% pkgs > 1kg, 10.2% pkgs < 1kg

Source: European Commission, Market Access Database.

*The 90,000 MT preferential quota is cumulative for HS tariff lines 0802.119000 (in-shell) and 0802.129000 (shelled)

The following table provides a summary of exports to the European Union in key categories over the most recent 4 years (2017–2020).

U.S. Exports to the European Union (Value, US\$000)

Product	2017	2018	2019	2020
In-shell Almonds	37,023	24,884	30,652	19,237
Shelled Almonds	1,439,716	1,470,911	1,652,394	1,505,155
Pres./Prep. Almonds	10,730	18,317	19,336	16,336

The U.S. almond industry had been seeking the elimination of the EU's existing tariffs applied to the almond complex on an immediate/expedited basis. It is requested that this continue to be a high priority objective of the U.S. Government. It is estimated that, with the elimination of duties, U.S. exports of almonds and almond products to the EU could rise to over \$2 billion annually within 5 to 7 years. The current tariff rate quota was adopted when the EU was much smaller and has not been expanded with the new country members of the EU. It should be eliminated.

It is especially important to obtain a zero duty for almond meal and almond flour. These two products hold significant export potential.

The U.S. almond industry remains keenly focused on the EU's complex and evolving technical requirements, including in the critical area of maximum residue limits

(MRLs). As the EU moves to adopt a green deal, it is moving to adopt many barriers to trade with no scientific justification. It is important to stop the adoption of Amendment 171 which is intended to protect domestic agricultural production.

Mexico

A new problem has just arisen in Mexico which needs to be addressed quickly. One of Blue Diamond's very successful products is known as Almond Breeze. This product is very successful in Mexico and many other world markets. This is a plant-based beverage made from almonds and satisfies a strong consumer demand for it. Mexico is considering a regulation that will require front of package labeling which will be hard to comply with considering current package sizes. Changing the labeling will be both expensive and not provide the consumer with any additional needed information.

Blue Diamond was a strong supporter of the USMCA. This is an important agreement that is beneficial. The new labeling regulation proposed impairs some of the benefits of the USMCA.

It is hoped and recommended that this Committee recognize the importance and benefit that U.S. agriculture receives from the Market Access Program, often referred to as MAP. This program is an outstanding example of a real partnership between government and agriculture exports. The success Blue Diamond has had in sharing our California almonds with over 100 countries worldwide results in an important part from this cost sharing program. This program helps our members promote and advertise almonds in many countries where it would not otherwise be possible. We thank you for this program and recommend it be continued and funding be increased to support additional U.S. exports. Increased funding is necessary.

Since Blue Diamond sells and exports its member almonds under the Blue Diamond brand, it is penalized with stricter rules and increased matching requirements. Since every U.S. agriculture product exported has some person or some companies name on it as it travels overseas, there should be no difference in the way all exports are treated. May it be respectfully suggested that this Committee investigate this and correct this difference. Cooperative farmers should not be treated differently than farmers whose products are promoted by trade associations. This discrimination should end and will with your help.

Supply chain issues have been very serious and have been causing many delays nationally and internationally. It is not expected that these issues will be solved soon, however a crucial aspect of this crisis that needs to be addressed are U.S. exports. American exports have been significantly hurt by the supply chain challenge and this has been directly affecting Blue Diamond's farmers.

As you know, U.S. exports are a key component of U.S. agriculture. California is responsible for exporting 80% of almonds worldwide. With these supply chain complications, 80% of the world is affected. Further, the U.S. economy relies on the export revenue that comes from the almond industry. \$11 billion is added to the economy. I am here today to express the great need to act and protect not only small farmers, but the 80% of the world that relies on those farmers for their almonds.

The route between Asia and California's West Coast is currently priced at 15 times higher than the price of the route from the U.S. to Asia. Ships are eager to return to Asia, to make the commute back to the U.S. This causes ships to leave the American ports empty, rather than wait to be loaded with U.S. exports, including Blue Diamond almonds. 70% of the Asian destined containers leave the U.S. coast without any U.S. products. In September of this year, California was exporting $\frac{3}{4}$ of their normal export quantity. This issue is heightened by the lack of labor in U.S. ports. Most ports worldwide function 24/7, however, U.S. ports only recently, and temporarily, agreed to operate 24/7. The Administration, backed by Congress, needs to push for port workers and port infrastructure to operate and meet demand at rates that match our foreign competitors.

This is extremely troublesome for U.S. exports. Not only are American products not being exported, in turn not making it to foreign markets, but foreign markets become accustomed to functioning without the American product. The supply chain crisis also brings into question American export's reliability and consistency. For example, the almonds typically used for the Chinese New Year celebrations will not make it to China in time for 2022 due to supply deadlines not met. Bookings that were planned for October, were pushed into the middle of November. Routes that include transshipment points are delayed; packers are discouraged and have been offering discounts to move product into other regions. Some buyers are giving up their bookings due to the uncertainty. The longer these issues persist, the more doubt that arises for America's export capabilities. Also, in the meantime, other foreign competitors can fulfill the market that American almonds previously fulfilled. While 80% of the world might always rely on California for its almonds, Blue Dia-

mond's gluten free aspects can be overshadowed. Blue Diamond's almond flour and other gluten free products can be replaced by other gluten free flours. The supply chain issues are problematic both currently and for future market demand.

Further, without foreign sales, the U.S. industry becomes saturated with excess U.S. products. This encourages wholesale product prices and costs the U.S. providers an unlimited amount of money. Freight, storage, and demurrage prices have increased. For example, demurrage fees have increased by over \$15,000. The impact on 2021 has been over \$25 million and is expected to have the same impact on 2022.

So far, I have not even addressed the lack of domestic movement. While the U.S. industry might have an excess of U.S. products that were intended to go abroad, but without the supply chain functioning, no product is making it to the U.S. market. Grocery stores are limited in supply, and U.S. farmers are directly affected.

Blue Diamond is making leaps in sustainable farming and production. Over twenty years, almond growers have reduced their water use by 33% and have pledged an additional 20% water use reduction by 2025. Blue Diamond almond growers farm on 20% of California's irrigated farmland, yet they only use 13% of agricultural water. And 85% of our almond growers use highly efficient micro-irrigation systems.

Blue Diamond cares for the bee population. Bees are necessary to pollinate the almond blossoms. Further, Blue Diamond recognizes the environmental importance of maintain the bee population and well-being. Blue Diamond is proud partners with Pollinator Partnership and is Bee Friendly Farming Certified. Blue Diamond growers support bee health during bloom through programs like Seeds for Bees and Water for Bees.

Blue Diamond's Salida and Turlock facilities are Green Business Certified. All Blue Diamond facility sectors have a Facility Sustainability Team that works to ensure sustainable large- and small-scale practices. And there is a community grant program and employee volunteer program for employees to partake in. Blue Diamond incentivizes growers to join the California Almond Sustainability Program. And with 90% of California almond farms are multi-generational family farms, Blue Diamond has a strong commitment to fostering the next generation of almond growers.

Mr. Chairman and Members of this Committee, thank you very much for the opportunity to present this testimony and for your attention. I will be pleased to answer any questions you may have.

Thank you,

KENT STENDERUP,
Managing Partner, Stenderup Ag Partners.

The CHAIRMAN. Thank you very much, Kent, for that appropriate testimony, and I think it will certainly reflect in questions that are asked by Members of the Committee following the testimony of all four witnesses. And please give some of our friends there my regards, and tell them I said hi.

Mr. STENDERUP. Will do, will do.

The CHAIRMAN. Our next witness is a constituent of mine, and his family, like many families throughout the country, have been farming for generations. Simon Vander Woude is a co-owner of Vander Woude Dairy in Merced, California. He and his wife, Christine, and their family, have been a reflection of hard-working dairy families that we see throughout the country. He will be testifying this morning on behalf of the National Milk Producers Federation. He currently serves as California Dairies, Inc. co-op Chairman. Mr. Vander Woude, would you please open on your testimony?

STATEMENT OF SIMON VANDER WOUDE, DAIRYMAN, MEMBER-OWNER AND CHAIRMAN, BOARD OF DIRECTORS, CALIFORNIA DAIRIES, INC.; FIRST VICE CHAIRMAN, EXECUTIVE COMMITTEE, NATIONAL MILK PRODUCERS FEDERATION, MERCED, CA

Mr. VANDER WOUDE. Yes. Thank you for this opportunity, Chairman Costa. Good morning, and thank you, Chairman Costa and Ranking Member Johnson. I am honored to appear before you

today, and my name is Simon Vander Woude, and I am here to discuss trade policy, and the critical role trade plays in supporting U.S. dairy farmers.

My family has been in the dairy business since not long after my grandparents immigrated here in 1949. In the mid 1950s they started a dairy in Delmar, California, right along the beach. In 1971 my parents started a dairy in Ramona, California, and in 1994 my wife Christine and I started our own dairy in San Marcus, California, all down in San Diego County. In 2005 Chris and I joined with my parents and built Vander Woude Dairy in Merced, California, up in the Central Valley, and today that dairy milks 3,200 cows. We also have two other dairies that we have bought as a family, and we are looking forward to welcoming our oldest son into the business in January, and we will see what the Lord has in store for the next five kids as time goes.

At our Vander Woude Dairy, we have incorporated a lot of environmental attributes. We have a 1.1 megawatt solar array. We recently started our methane digester, and, Congressman Costa, you are invited to the ribbon cutting on December 6. I think you got that invite. We do a lot of sustainable water—

The CHAIRMAN. I want to be there, if I am not in Washington.

Mr. VANDER WOUDE. All right, sounds good. A lot of water, farming, and dairy management practices that are incorporated in order to reduce our carbon footprint, and to create a more sustainable model for our farms. As you said, I serve the Chairman of the Board of California Dairies. We are the second largest dairy co-op in the U.S., only based in California, though, and we are the largest skim milk powder producer in the world, and—so most of that skim milk—all of that skim milk powder is exported. And, being in California, that is one of our competitive advantages. Today I am testifying on behalf of the National Milk Producers Federation, whose Board I serve on, and I also am the First Vice Chair of that organization.

America's dairy industry is an economic force, employing almost a million Americans. Those are not just farm jobs. They are manufacturing and distribution jobs at our input suppliers, our processing plants, and our ports. Trade opportunities are an integral part of that story. Despite last year's difficulties, U.S. dairy upheld its reputation as suppliers of a variety of high quality, sustainably produced dairy products to the world. According to the U.S. Dairy Export Council, of which I also am a Director, around 1 in every 6 gallons of milk produced here was exported to foreign markets to meet global demand, so that fits very closely to your 20 percent number you talked about early on.

Despite all the growth and success we have enjoyed on the export front over the years, we could be doing even better with a level playing field. Unfortunately, we don't have sufficient market access opportunities to provide us with tariff parity or better in key markets when compared to our trade competitors. As a result, American dairy farmers are left feeling the effects. In multiple markets U.S. dairy exports have to sell at a discount to combat tariff differentials.

While trade is all too often disparaged in this country, and its benefits sold short, our competitors are busy forging agreements.

Next spring it will have been a decade since our last free trade agreement with a new trading partner was implemented. We farmers need a proactive trade policy to keep pace, and continue to increase sales, to support the good farm and manufacturing jobs that dairy creates. Today, I would like to highlight three topics from my written testimony. First, the urgent need to address the immense challenges in export shipping; second, the importance of negotiating new trade agreements to avoid a loss of export opportunities; and finally, the importance of enforcement of trade rules to combat mounting barriers.

As some of you may have seen on the front page of *The New York Times* this week, our CEO, Brad Anderson, was quoted, talking about the supply chain issues that we are facing with our dairy products here in California. Dairy exporters are now facing soaring freight rates, and unpredictable access to shipping containers, many of which are being rushed back to Asia empty to restock imported items. This volatility is wreaking havoc on our dairy exports and supply chains. To address this crisis, it is critical that Congress pass the Ocean Shipping Reform Act that we understand Congressman Johnson is a cosponsor of, and we thank you for that, and we ask that the Administration take further steps to deliver near-term relief to address these supply chain challenges. Reliability is a vital tenet of our export success, but is increasingly in question.

Second, I can't stress enough that we need new trade agreements. Farmers need to see action, and time is of the essence. We need trade deals with key markets, like the United Kingdom, and various Asian countries, including Japan. We need a level playing field in places like China. Moreover, as the U.S. negotiates, it is critical that these markets be opened for all dairy products. Most countries tend to tightly limit milk powder and butter imports, yet those are the products that our cooperative produces. These agreements must include access for all dairy products.

Finally, we need to aggressively enforce our market access rights, because we can't move forward without holding onto the access we won in prior WTO and FTA deals. The dairy industry strongly supports Ambassador Tai's decision to bring a USMCA dispute case against Canada for not administering its tariff rate quotas fairly, and we greatly appreciate Congress's support for this step. Enforcement should continue to be a key priority around the world to ensure that the United States receives the full benefits of its trade agreements.

Again, Chairman Costa and Ranking Member Johnson, thank you very much for the opportunity to testify to this Committee on the importance of global trade for all American dairy farm families, including my own. Thank you.

[The prepared statement of Mr. Vander Woude follows:]

PREPARED STATEMENT OF SIMON VANDER WOUDE, DAIRYMAN, MEMBER-OWNER AND CHAIRMAN, BOARD OF DIRECTORS, CALIFORNIA DAIRIES, INC.; FIRST VICE CHAIRMAN, EXECUTIVE COMMITTEE, NATIONAL MILK PRODUCERS FEDERATION, MERCED, CA

Good morning, Chairman Costa, Ranking Member Johnson, and distinguished Members of the Subcommittee. Thank you for inviting me to testify on U.S. trade policies and priorities.

My name is Simon Vander Woude. I operate a 3,200 head dairy in Merced, CA alongside my wife Christine. I also serve as Chairman of the Board of Directors of California Dairies, Inc. (CDI), the largest dairy farmer-owned cooperative in California and the second largest in the United States. CDI's 340 family-owned dairy farms produce more than 17 billion pounds of milk per year representing more than seven percent of all milk produced in the United States. CDI member farmers have also made a large financial investment in six manufacturing facilities to process milk into transportable products, primarily milk powder and butter products. Our cooperative is the largest producer of retail butter in the United States, the largest producer of milk powder in the United States and the largest producer of skim milk powder in the world. Our exports of milk powder have grown over the years and are now reaching sixty percent of our total production. As that makes clear, we are highly dependent on global trade and U.S. trade policy.

I am testifying today on behalf of the National Milk Producers Federation. CDI works closely with the National Milk Producers Federation and the U.S. Dairy Export Council on issues related to international trade. NMPF develops and carries out policies that advance the well-being of dairy producers like me and the cooperatives we own. NMPF's member cooperatives produce the majority of the U.S. milk supply, making NMPF the voice of more than 32,000 dairy producers on national issues. International trade is one of those issues and in recent years it has been one of the most important to our industry. NMPF works closely on international trade issues with the U.S. Dairy Export Council whose partnership between producers, proprietary companies, trading companies and others interested in supporting U.S. dairy exports has contributed greatly to the success of the industry and the thousands of workers who are supported by dairy exports throughout the supply chain.

Testimony Summary

Maintaining our trade relationships and expanding market access for U.S. dairy products is vital to the strength of the domestic dairy industry and the economic health of rural America. Congress and the U.S. Government must work together to expand equitable trade relationships with key dairy trade partners, creating greater market access for the high-quality, sustainably produced milk and dairy ingredients manufactured by the U.S. dairy industry.

I cannot overemphasize the importance of expanded market access opportunities for U.S. dairy exports. Unfortunately, the United States has already failed to keep pace in the pursuit of such opportunities compared to our competitors in Europe, New Zealand, and Australia. This shortcoming will not mean standing still; it means we are falling behind, as our competitors continue to negotiate trade deals that erode U.S. export competitiveness. This is having a direct impact on U.S. jobs in the increasingly export-dependent agricultural sector, including the many manufacturing jobs in the processing facilities that transform farm products into those we see on market shelves and displays.

With respect to the current and future direction of U.S. trade policy, I offer the following observations and recommendations:

- No discussion on trade issues can overlook the immediate and urgent challenge that shipping supply chain issues are posing to our exports. In just the first 7 months of this year, those challenges cost the U.S. dairy industry nearly \$1 billion in additional expenses, lost sales, and eroded value. If further Congressional and administrative actions are not swiftly taken to tackle this crisis more fully, the impacts on American-made products will only continue to mount with farmers ultimately bearing the brunt of that. Passage of the Ocean Shipping Reform Act, coupled with additional steps by the Administration to tackle the near-term problems facing export flows, would provide much-needed relief for dairy farmers and manufacturers.
- We cannot stand still; the United States must pursue trade agreements that favor our nation. Collectively, too much time has been spent dwelling on losses from trade rather than on its benefits and how to generate more of the latter. The U.S. dairy industry has urged the Administration to start negotiations immediately with the United Kingdom, with several of the countries party to the Comprehensive and Progressive Trans-Pacific Partnership (CPTPP) as well as others in Southeast Asia, and in the Middle East—steps that would allow our industry to grow exports. Where pursuit of a comprehensive deal may not be immediately feasible, it is critical that U.S. trade policy efforts nevertheless deliver expanded access for U.S. dairy products by securing improvements in both tariff and non-tariff barriers.
- The Phase One trade agreement with China achieved important progress on several non-tariff-barrier (NTB) issues such as dairy facility registrations and

access for high-value products such as extended shelf-life milk. However, retaliatory tariffs continue to impose a significant burden on U.S. dairy exports. The U.S. should secure long-term relief from these tariffs and work to ultimately achieve removal of them so that the U.S. dairy industry can reap the full benefit of the Phase One agreement and grow its market share and export volumes.

- The Phase One U.S.-Japan Trade Agreement has helped U.S. dairy keep pace with its competitors enjoying the EU FTA and CPTPP benefits, but a comprehensive agreement is necessary to not only fully level the playing field, but to also provide Japan's largest customer, which is the United States with better access to the Japanese market by creating meaningful opportunities for key U.S. dairy products left out of Phase One such as milk powder and butter.
- Implementation and enforcement of our trade agreements, including the U.S.-Mexico-Canada Agreement (USMCA), will be essential to preserve the opportunities the U.S. has already worked so hard to procure for U.S. dairy exports. With respect to USMCA, it is critical to fully secure the agreement's benefits, particularly with respect to Canada's dairy tariff rate quotas (TRQs) and dairy policy reforms, as well as Mexico's implementation of USMCA and the development of potential new protectionist dairy regulations.
- The U.S. must continue to address key market access barriers, including FTA compliance concerns in Colombia, and with numerous other countries erecting new barriers to trade. Those include concerns in Egypt, Indonesia, and certainly in the European Union where the continual creation of new import mandates and the perpetual misuse of geographical indications (GIs) are habitually wielded in ways that harm access for U.S. exports.
- The World Trade Organization (WTO) is critically important for the U.S. dairy industry. To strengthen and preserve its core role on global trade rules and enforcement, the WTO needs to be revitalized, both in terms of negotiating reforms that lead to market liberalization and the reduction of protectionist non-tariff trade barriers, and of providing a functioning dispute settlement system.
- U.S. dairy is fully committed to building upon its good track record on sustainability and supports the U.S. Government's approach to fostering pro-trade, pro-innovation, and pro-inclusive sustainability. U.S. leadership on the global stage will continue to be necessary to counter protectionist, anti-trade narratives.

I would like to underscore the importance of pursuing new trade opportunities abroad and believe the time is now ripe for doing so, given the progress achieved by the Administration and Congress on many of their domestic policy priorities.

Importance of Trade to U.S. Dairy

America's dairy industry is an economic force that employs nearly one million Americans and adds over \$750 billion to the U.S. economy.¹

Trade is essential to the health of the dairy industry. America's dairy farmers and processors have established themselves as the world's preeminent suppliers of high-quality, sustainably produced dairy products, exporting more than \$6.5 billion in dairy products in 2020 to customers around the world. Approximately 16% of U.S. milk production last year was exported overseas in the form of a wide variety of dairy products from cheese to ice cream to milk powder.

The U.S. dairy industry manufactures high-quality Made-In-America products that are beloved by consumers across the globe. In fact, in 2019, a cheese from the U.S. won "Best in the World" at the World Cheese Awards for the first time ever. American dairy products can compete toe-to-toe and win against any country.

Importantly, these exports drive growth across the U.S. economy. Dairy exports alone create more than 85,000 U.S. jobs and have a nearly \$12 billion economic impact.² Those sales play an indispensable role in supporting the health of America's dairy farms as well as the manufacturing jobs of dairy processors. Impairing export sales therefore harms not only farmers, but also workers in companies supplying inputs and services, in downstream processing plant jobs, and in cities with large port facilities heavily dependent on trade.

When our exports increase, everyone in the dairy supply chain benefits. U.S. trade agreements have played an indispensable role in increasing U.S. exports. Beginning with the North American Free Trade Agreement (NAFTA) in 1994 and continuing through the Phase I Agreement with Japan, trade agreements have enabled U.S. dairy exporters to compete on either a more level playing field or at an advantage with international competitors in terms of tariff access, removal of non-tariff bar-

¹ <https://www.idfa.org/dairydelivers>.

² <https://medium.com/dairy-exports-mean-jobs>.

riers and clear and consistent rules for trade. By way of perspective, in 1993, the year before NAFTA, the United States sold just \$618 million worth of dairy products overseas; in 2020, the U.S. sold \$3.5 billion to just its FTA partners. Yet as global demand for dairy continues to grow and American dairy producers work hard to retain their farms, further progress is needed.

It is therefore essential that Congress and the U.S. Government take a proactive approach to tearing down both tariff and non-tariff trade barriers that hinder U.S. exports, particularly in markets where America's farmers are at a disadvantage to our competitors.

Export Shipping Supply Chain Challenges Must Urgently be Addressed

One of the most pressing concerns for the dairy industry at present is the immense challenge posed in moving our American-made products from U.S. dairy manufacturing facilities to foreign customers. Freight rates have soared while availability and predictability of the necessary equipment to move U.S. dairy products to overseas buyers has plummeted. Carriers, facing a financial incentive to return to Asia as swiftly as possible to restock U.S. shelves with more imported products, are shipping empty containers across the Pacific at record rates of over 70%. A colleague of mine testified earlier this month before the full Committee about the havoc this is wreaking on our exports. The company that ships the dairy products my cooperative makes to markets around the world has been moving heaven and earth to work to deliver our shipments to the foreign customers counting on them. They are important ingredients in supply chains that help feed consumers in Asia and elsewhere. But—unfortunately—they are not irreplaceable; and our competitors in the EU and New Zealand are not facing the same level of volatility in supplying those markets.

To address this crisis, it is critical that Congress pass the Ocean Shipping Reform Act and that the Administration take further steps to deliver near-term relief to the supply chain snarls and market failures that are bogging down the export of American-made products.

U.S. Dairy Needs Expanded Market Access Opportunities in Key Markets

The U.S. Government will need to adopt a forward-leaning posture and actively negotiate additional trade agreements with key export markets to retain existing export sales and achieve additional export growth. The U.S. dairy industry supports the negotiation of trade agreements that help level the playing field for American dairy products and provide access for the entire “bucket of milk”³ our farmers produce by expanding opportunities for all types of dairy products. Accomplishing this will allow our industry to not just retain existing sales and dairy jobs, but to build further on our industry's American success story by further growing exports and expanding dairy jobs.

As the U.S. evaluates new trade agreement partners, it is important to ensure that U.S. negotiating time is best concentrated on agreements likely to yield net agricultural benefits for the United States and to position the United States to better compete against key competitors. We strongly caution against sinking scarce U.S. resources into negotiations with countries unlikely to lead to net dairy and agricultural export gains for the United States.

The U.S. focus needs to be on key markets in which we compete head-to-head with other major dairy suppliers. Unfortunately, America's biggest dairy export competitors—Europe, New Zealand, and Australia—have negotiated FTAs with many of our partners in Southeast Asia, Japan and elsewhere or are in the process of doing so, often leaving the U.S. as the only major supplier that will be left without an FTA. The tariff advantages provided by these FTAs put the U.S. dairy industry at a distinct disadvantage, and we are at risk of seeing our competitiveness erode in critically important markets. Standing still means sliding backwards.

For this reason, and for the potential export growth opportunities they represent, we would like to see the United States pursue agreements with the United Kingdom, Southeast Asia, Japan, China, and countries of the Middle East.

The UK dairy market is a prosperous one with a significant segment of its dairy consumption coming from imports, representing strong potential to expand U.S. market share. However, numerous tariff and non-tariff barriers imposed by the EU have long hindered U.S. dairy exports to the UK. The UK's exit from the EU pre-

³ Incorporating the entire “bucket of milk” is a reference to including a wide variety of American-made dairy products in future trade agreements. Historically, much emphasis has been placed on enhancing market access for cheese products, with less emphasis on market access for products like butter and milk powders. The U.S. dairy industry is positioned to compete in the global marketplace across all categories of products, and our free trade agreements should reflect that, going forward.

sents an opportunity to move beyond the EU's complex trade policies which act as major disincentives to U.S. exports yet were largely inherited by the UK.

U.S. dairy producers and businesses have worked hard to make advancements in Southeast Asia, in particular Vietnam, and believe increased sales throughout Asia are key to the industry's future success. However, in this region in particular, U.S. gains are threatened by the progress our competitors have been achieving in negotiating FTAs that erode U.S. competitiveness.

Comprehensive trade deals like FTAs present the best opportunities for eliminating the range of tariff and non-tariff barriers that have impeded U.S. exports. However, in markets where the pursuit of a comprehensive deal may not be immediately feasible, U.S. efforts to tackle trade barriers to U.S. dairy exports need not and should not wait. Bilateral dialogues and negotiations can make significant headway in alleviating tariff and non-tariff barriers to U.S. exports and should be pursued vigorously. Even as U.S. trade policy efforts embrace a wider set of objectives, it is nevertheless critical that they deliver actual progress for agricultural goods trade flows. Agreements that are limited to rules areas and non-goods trade will not achieve that goal.

Well-crafted trade agreements that tackle the full range of U.S. interests—for workers, for companies, for farmers—take time to develop and implement into law. That means time is of the essence if the U.S. is to get back in the game and work to provide the opportunities our country needs to remain competitive on the global landscape. The Administration and Congress must work together to promote and expand trade opportunities for U.S. agriculture and the American people; there is no other viable alternative. While we delay, our competitors are increasingly opening markets and blocking our exports through non-tariff barriers. While we continue to import products from all over the world, the world is not nearly as open to the United States. Robust, forward-looking trade agreements are the avenue to address that disparity.

China's Potential Will Depend on the Removal of Retaliatory Tariffs

Over the past decade, China has become a critically important market for U.S. dairy exports. Sales last year alone totaled over \$539 million, ranking China the third largest export market for U.S. dairy products, despite the harmful impact of China's retaliatory tariffs in response to USTR Section 301 duties.

Our industry welcomed the conclusion of the U.S.-China "Phase One" economic and trade agreement in 2020 that resolved numerous regulatory impediments for U.S. dairy exports to the Chinese market. However, despite tariff exemptions for select products, retaliatory duties still place U.S. exports at a disadvantage when compared to our major trade competitors. While there remains tremendous potential in this market as demand for dairy products continues to expand, China has not prioritized purchasing significantly larger shares of its dairy needs from the U.S. to date, despite its Phase One agricultural purchase commitments. The impacts of this are seen most clearly in the major dairy commodity categories of milk powder and cheese. I therefore urge that Congress work with the Administration to press for removal of all retaliatory tariffs on dairy and to secure as an interim step year-long retaliatory tariff exemptions for dairy products.

Japan Exports Also Depend on Expanded Market Access

Japan ranks seventh among our export markets for dairy products, valued at \$322 million in 2020. U.S. dairy farmers applauded the strides made for dairy in the Phase One U.S.-Japan Trade Agreement as they were vital to heading off an erosion of U.S. market share in this key market to the EU and parties in the CPTPP, especially for cheese, whey, and lactose products. However, more remains to be done to maximize opportunities for U.S. dairy farmers and processors, and to provide market access for other products not substantially covered by the Phase One deal such as milk powder and butter. The dairy industry is therefore urging U.S. trade negotiators to build upon the Phase One deal and deliver the complete range of market access opening through a comprehensive FTA, which would also deliver non-tariff commitments to create dependable trading conditions in the future.

A 2019 U.S. Dairy Export Council study found that if the U.S. has at least the same market access as its competitors, the U.S. could roughly double its share of the Japanese market over the next 10 years.

USMCA Enforcement Will be Key to Obtaining its Benefits

USMCA made tremendous strides to modernize trade rules and facilitate the smooth flow of U.S. dairy products throughout North America, but the benefits of USMCA will only flow if Canada and Mexico properly implement the agreement. This will require proactive monitoring and enforcement of USMCA implementation,

including through enforcement actions such as that taken against Canada's administration of its TRQs for dairy products.

The U.S. dairy industry strongly supports U.S. Trade Representative Tai's decision to initiate the TRQ enforcement action and deeply appreciates the robust bipartisan support that Congress has voiced for this important follow-through step. Canada has not administered its TRQs fairly, as required by its USMCA obligations. Unfortunately, this is consistent with Canada's long history of undermining its market access commitments to protect its tightly controlled dairy market. Canada's TRQ system discourages full utilization and valuation of agreed upon quantities. USMCA dispute settlement is the right course of action to address Canada's unfair restrictions and we are gratified that USTR has been aggressively proceeding with the case.

The decision to pursue dispute settlement also delivers a strong message against the erection of future barriers in Canada and other markets. Our trading partners need to know that failure to meet their agricultural trade commitments with the United States will result in robust action to defend U.S. rights.

In this context, we urge Congress to work proactively with USTR and USDA as they monitor Canada's implementation of other dairy related USMCA provisions, such as those eliminating Canada's discriminatory Class VII dairy pricing policy and requiring export surcharges on a variety of dairy protein exports. Here as well, Canada's actions have given cause for concern. Canadian exports of milk protein isolates (MPI) and certain skim milk blends manufactured under the new Class IVa have been increasing in a manner that appears designed to intentionally circumvent USMCA's dairy protein export disciplines. Curbing Canada's use of global markets to dispose of the excess dairy protein generated by its government-controlled supply management system was a core USMCA objective.

Vigilant monitoring and aggressive enforcement will also be necessary with our other USMCA partner, Mexico. Mexico is the largest export market for U.S. dairy products, and the U.S. trade relationship with Mexico is of the utmost importance. Unfortunately, of late there has been a proliferation of poorly designed Mexican regulations that threaten to disrupt trade and erode the U.S. role as a reliable supplier. These overly burdensome regulatory proposals pose a particular threat to U.S. milk powder and cheese exports to Mexico. Close attention must also be paid to Mexico's implementation of USMCA side letter provisions on geographical indications (GIs) and common food names.

The U.S. should ensure that discussions with Mexico treat its surge in regulatory and customs enforcement issues as a collective concern, and not simply as one-off issues. We need to restore smooth and predictable trading conditions with Mexico to ensure that the U.S. and Mexico remain an integrated market and that the promise of USMCA is fulfilled.

The U.S. Must Knock Down Key Market Access Barriers

U.S. dairy exports continue to face a number of significant impediments, both in our FTA partners and in other markets. We urge the United States Government to take aggressive action to knock down these barriers.

Colombia Safeguard

As noted previously, our trading partners need to know that failure to meet their agricultural trade commitments with the United States will result in robust action to defend U.S. rights. For example, our FTA partner Colombia is now contemplating an unwarranted safeguard action that could undercut U.S. dairy access to its 11th largest export market. The U.S. dairy industry appreciates USTR raising this issue at an August Ministerial-level meeting and encourages continued U.S. engagement to ensure the safeguard investigation follows the specific procedures as enumerated in the U.S.-Colombia bilateral trade agreement and that trade is not disrupted.

Burdensome New Regulatory Requirements

To preserve access opportunities for U.S. dairy flows, Congress should work with the Administration to address burdensome and unwarranted new regulatory requirements that U.S. dairy exports have had to contend with.

Egypt has erected one such barrier in connection with its Halal requirements, by requiring all dairy exports to be certified Halal by a single and exclusive certifying body partially owned by the Egyptian Government, subject to non-transparent conditions and charges. U.S. dairy exporters successfully Halal certify their products to multiple markets around the world; however, Egypt's requirements are out of step with those of other countries and could seriously limit or altogether halt many exports.

Likewise, Indonesia's plant registration requirements are posing an unwarranted limitation on U.S. exports. In order to export to Indonesia, dairy plants are required

to register with the government on an approved list. Indonesia's process is exceedingly slow and unpredictable and represents a severe bottleneck to expansion of U.S. exports to Indonesia, our sixth largest export destination. For instance, multiple U.S. dairy facilities applied to ship to Indonesia as long ago as the start of last year and yet have still seen no action taken on their applications. The U.S. Government should work with its Indonesian counterparts and interagency partners to secure prompt approval of the pending applications and to streamline a process for facility registration in this key market.

Volatility in EU Trade Conditions

The EU's long history of unwarranted trade barriers has over the past few years taken the form of overly prescriptive EU requirements that mandate assurances of compliance with specific EU regulations and that mandate that U.S. processes for oversight mirror those used in the EU. These include new dairy and composite certification requirements, an anti-microbial resistance "reciprocity" requirement, and others. Even when long and arduous government-to-government discussions resolve a concern, the time involved, and the frequent introduction of new requirements create market instability and uncertainty that puts hundreds of millions of dollars of trade at risk. The EU's insistence that its trading partners must mirror process requirements and not simply outcome requirements fail to comply with the EU's trade obligations and needlessly increases the volatility of supplying the EU market.

Geographical Indications (GIs) and Common Food Names

One area that has become a significant barrier confronting U.S. export opportunities to numerous markets in recent years has been the misuse of GIs by the European Union. In principle, GI protections are used to describe specialized products made in a specific region in order to protect the unique nature of that product. However, the EU has used GIs to restrict the use of generic terms by which millions of consumers recognize some of their favorite foods; use of GIs to create this result must be firmly rejected as the protectionist and anti-trade policy that it is.

The U.S. Government must secure firm and explicit trade commitments assuring the future use of specific generic food and beverage names targeted by EU monopolization efforts and rejecting the use of GIs as barriers to trade in products relying on common names. USMCA's common food name side letter provisions established a building block precedent affirming market access rights for a non-exhaustive list of commonly used product terms. To effectively combat the EU's trade-distorting and WTO-illegal actions, the U.S. Government must proactively and consistently expand upon this pilot model with other trading partners to ensure that market access rights protections for American-made common food name products are strengthened and cloaked barriers to trade are rejected.

Revitalization of the World Trade Organizations is Needed to Strengthen this Trade Pillar

The World Trade Organization is critically important for the U.S. dairy industry. By establishing the rules for global dairy trade, and more broadly agricultural trade, the WTO can help shape government policies that reduce protectionist trade distortions and bring predictability and lower risks for American dairy exports. But the WTO needs to be revitalized, both in terms of negotiating reforms that lead to market liberalization and the reduction of protectionist non-tariff trade barriers, and of providing a functioning dispute settlement system.

The U.S. dairy industry strongly supports U.S. leadership in ensuring that the WTO has a functioning dispute settlement system. With a myriad of questionable non-tariff barriers to U.S. dairy exports, effective enforcement of current trade agreements requires the WTO to have an effective dispute settlement system.

With the WTO's 12th Ministerial occurring later this month, there is an opportunity to establish a future negotiating agenda for agriculture that leads to enhanced transparency of government policies, including tariff treatment, market-based and sustainable trade liberalization, and reduced trade distortions. NMPF has joined with other U.S. agricultural stakeholders in calling for U.S. leadership and identifying policy priorities for the WTO. Enforceable and transparent rules that are enabled by a reformed WTO could lower barriers and market distortions. Care is needed in the upcoming Ministerial, however, to ensure that we have an effective, credible, and well-functioning dispute settlement process, while ensuring that any future framework for agriculture negotiations has a commensurate level of ambition for market access compared to domestic support and improves the transparency of government policies.

Dairy is an Agricultural Leader on Improving Sustainability

Given heightened global interest in sustainable food systems, the U.S. dairy industry is well poised to meet the environmental and animal welfare demands of the international community. American dairy farmers have been environmental stewards for decades, tending with great care to their land and water, and they value a proactive approach to sustainability.

As a testament to dairy's endeavors, greenhouse gas emissions to produce a gallon of milk dropped nearly 20% over the 10 years from 2007 to 2017 and the environmental footprint of a gallon of milk has significantly decreased since 1944 (*e.g.*, 90% less land, 65% less water, 63% smaller carbon footprint per unit of milk). This puts us at the forefront on sustainability globally with the lowest greenhouse gas footprint per gallon of milk of any region in the world according to the United Nations Food and Agriculture Organization.

To continue and enhance our efforts to combat climate change, the dairy industry has launched the Net Zero Initiative to reduce the industry's climate impact to become carbon-neutral by as early as 2050 and minimize the water quality impacts of dairy farming. The U.S. dairy industry has also developed the industry-driven Farmers Assuring Responsible Management (FARM)⁴ program for animal care standards, which became the first internationally certified dairy animal welfare program in the world.

U.S. dairy is fully committed to building upon its good track record on sustainability and supports the U.S. Government's approach to pro-trade, pro-innovation, and pro-inclusive sustainability. We appreciate the leadership the U.S. Government demonstrated in charting this type of positive sustainability agenda during this year's Food Systems Summit process and most recently during its COP26 engagements and look forward to continuing to play an active role on both fronts as subsequent project streams unfold in the coming year.

With climate and sustainability issues commanding ever-increasing focus around the world, it will be essential for the United States to continue to serve as a leader globally on these issues, both for their own sake and to combat other voices that are driving more protectionist, anti-trade, anti-developed country, and anti-livestock narratives. Those voices include the EU and unfortunately even some officials at leading international institutions such as the World Health Organization.

Conclusion

The U.S. dairy industry recognizes the importance of expanding overseas market opportunities to bolster our farmers, processors, and manufacturers here at home. We have worked hard to establish the U.S. as a reliable and environmentally sustainable supplier of safe and nutritious products to meet growing foreign demand for high-quality American dairy products, and we want to be able to capitalize on these extensive efforts through improved access to these markets.

New trade agreements will be necessary not only to expand market access, but to preserve it, as our competitors grow their own networks of FTAs and in the process threaten to render U.S. exports uncompetitive. The health of the dairy industry, including the many farmers and manufacturing workers it employs throughout its supply chain, will depend on such agreements, on ensuring vigorous enforcement of those agreements, and on bilateral efforts to address trade barriers.

The U.S. dairy industry—from farmers to exporters and all the related jobs tied to our sector—needs the opportunity to help meet rising global dairy demand, and consumers around the world need the great American-made products we produce.

I appreciate the opportunity to provide comments on these important issues to this Committee. Thank you.

The CHAIRMAN. Thank you very much, Mr. Vander Woude, and points well taken. And let the record stipulate the fact that you being a constituent of the Chairman has nothing to do with the generous time clock I gave you.

Mr. VANDER WOUDE. Thank you.

The CHAIRMAN. Our next witness that we have before us is the person—Latashia, here we go, our third witness. Get on the right page. Latashia, we are very pleased that you would have the opportunity to testify with us—Redhouse. Latashia Redhouse is the Director of the American Indian Foods Program, which is a part of

⁴<https://nationaldairyfarm.com/what-is-farm/>.

the Intertribal Agricultural Council. Native Americans historically have played an important role—obviously, historically, we often, too often, in my opinion, forget that critical role, and we are very pleased that the Intertribal Agricultural Council is testifying before the Subcommittee today. Ms. Redhouse is an enrolled member of Diné Nation, and was raised in southeastern Utah. Please present your testimony, Ms. Redhouse.

STATEMENT OF LATASHIA REDHOUSE, DIRECTOR, AMERICAN INDIAN FOODS PROGRAM, INTERTRIBAL AGRICULTURE COUNCIL, VERNAL, UT

Ms. REDHOUSE. Thank you so much, Chairman Costa, Ranking Member Johnson, and Members of the Subcommittee on Livestock and Foreign Agriculture. Thank you for inviting me to provide you all with some information regarding livestock and foreign agriculture trade. My name Latashia Redhouse. I serve as the Director of the American Indian Foods Program at the Intertribal Agriculture Council. I am a member of the Diné Nation, and I am tuning in from the United Arab Emirates, where I am representing Tribal producers at Dubai's Expo World 2020 and Te Aratini Festival of Indigenous and Tribal Ideas.

The CHAIRMAN. Well, that is impressive. What time zone are you on?

Ms. REDHOUSE. Wow, yes. I am awake, I think.

The CHAIRMAN. What time is it in Doha?

Ms. REDHOUSE. It is 7:37 p.m.

The CHAIRMAN. Okay. Very good. Well, we are happy to have your testimony. Please proceed.

Ms. REDHOUSE. Okay. Thank you. Today my testimony will focus on the possibilities—foreign barriers to livestock and foreign agriculture trade across Indian Country. The Intertribal Agriculture Council was founded in 1987 to pursue and promote the conservation, development, and use of our agricultural resources for the betterment of our people.

Land-based agricultural resources are vital to the economic and social welfare of many Native American and Alaskan Tribes. The harmonies of man, soil, water, air, vegetation, and wildlife that collectively make up the American Indian agriculture community influence our emotional and spiritual well-being. Prior to 1987 American Indian agriculture was practically unheard of outside reservation boundaries. IAC's responsiveness to on the ground needs and extensive networks contribute across the spectrum of Tribal food systems, development, and further governmental and partner outreach efforts through Indian Country. Federal, state, and organizational partners draw upon IAC's expertise to inform programming and policies that directly impact Indian Country and beyond.

Tribal agricultural production and food systems are essential economic development and community drivers in Indian Country. According to the 2017 Census of Agriculture, nearly 80,000 Tribal producers are operating on over 59 million acres of land, while generating over \$3.5 billion in economic activity. Some estimates suggest that adequate investments in Indian Country, including increased Federal funding for foreign trade, and the removal of structural barriers to global market access, could allow for the agri-

culture sector across Indian Country to grow to a valuation of \$45.4 billion, spurring economic growth that will contribute to the physical infrastructure necessary, while providing the pathway to Tribal self-determination, food sovereignty, and economic growth. I would like to mention that Chairman Costa, Member Correa, Member Harder, Member Khanna, Member Hartzler, Member Moore, and Ranking Member Johnson each represent states which are among the top ten for American Indian and Alaska Native producers, according to the 2017 Census of Agriculture.

The American Indian Foods Program is a program offered by IAC, with a contract with the USDA Foreign Agricultural Service. The partnership was developed as a platform for—produced by American Indian certified food and ag businesses to showcase products and share Tribal cultures with the world. The program is designed to work with American Indian-owned businesses to provide export education, and to facilitate global market penetration, while developing sustainable economics based on food production. The program is designed to allow for domestic port to American Indian-owned businesses interested in entering the international marketplace, while developing sustainable economics based on food production.

The program also promotes and authorizes the use of the Made/Produced by American Indian certified trademark to assist American Indian producers in improving their market access, thereby increasing the economic base of the Indian producer and their community, while protecting American Indian producers and consumers from fake and falsely advertised Indian-made products. By converting the \$3.3 billion in raw food products currently already sold by producers on Indian reservations, today we predict that Indian Country could alone become an economic powerhouse, with an estimated \$9 billion in premium food products.

While the IAC/AIF provides support to agricultural businesses seeking growth in the international marketplace, many IAC/AIF members continue to experience increased uncertainty and risk as the pandemic limits activities and future trade developments. Persistent labor and supply chain issues, coupled with the market uncertainties that both predate and accompany the—these pandemic impacts are driving this increase in uncertainty, along with the additional uncertainty and trauma of operating in a global pandemic that has disproportionately impacted Native people. During this difficult time, Native producers' priorities understandably shifted away from seeking international markets to supporting their Tribal communities. 93 percent of Tribal producers responding to IAC's COVID-19 response survey indicated that the pandemic had impacted their international sales.

As Tribal communities began to emerge from pandemic-related uncertainties and look again to international markets, some longstanding policy and administrative problems must be remedied if Tribal producers are going to be able to access international markets. One of the longstanding problems is the reality of infrastructure needs in Indian Country agriculture, which for many years have gone underfunded, or unfunded. Because of decades of being underserved by Federal programs, Native producers began their pathway to accessing international markets with fewer resources

than their non-Native counterparts. As a result, lagging behind in market access, despite producing specialty and niche products that would do very well internationally.

The reality of Federal underservice to Native producers, and the need for Native producers to have better pathways to access international markets was one of the driving factors behind the Congressional adoption of Section 3312 of the Agricultural Improvement Act of 2018, or 2018 Farm Bill. The provision, one of the 63 Tribal-specific provisions included in the final legislation, required the Secretary of Agriculture to seek greater inclusion and participation of Native farmers, ranchers, and producers on international trade missions, and to report back to Congress about the status of Native producers in trade missions. These missions represent critical opportunities to promote Native produced products, many of which are highly desirable on an international market. Despite this—

The CHAIRMAN. If you would please close here?

Ms. REDHOUSE. Yes.

The CHAIRMAN. The Chairman is being very generous with the time this morning, I am not sure why, but please conclude.

Ms. REDHOUSE. Yes. Yes. So those are our barriers, and if there are any questions, or anything that I could share, feel free to reach out. Thank you.

[The prepared statement of Ms. Redhouse follows:]

PREPARED STATEMENT OF LATASHIA REDHOUSE, DIRECTOR, AMERICAN INDIAN FOODS PROGRAM, INTERTRIBAL AGRICULTURE COUNCIL, VERNAL, UT

Introduction

Chairman Costa, Ranking Member Johnson, and Members of the Subcommittee Livestock on Foreign Agriculture, thank you for inviting me to provide you all with some information regarding livestock and foreign agriculture trade. My name is Latashia Redhouse. I serve as the Director of the American Indian Foods program at the Intertribal Agriculture Council. I am a member of Diné Nation and am tuning in from the United Arab Emirates where I am representing Tribal producers at Dubai's Expo World 2020 convention. Today my testimony will focus on the possibilities for and barriers to livestock and foreign agriculture trade across Indian Country.

Intertribal Agriculture Council (IAC)

The Intertribal Agriculture Council (IAC) was founded in 1987 to pursue and promote the conservation, development and use of our agricultural resources for the betterment of our people. Land-based agricultural resources are vital to the economic and social welfare of many Native American and Alaskan Tribes. The harmonies of man, soil, water, air, vegetation and wildlife that collectively make up the American Indian agriculture community, influence our emotional and spiritual well being. Prior to 1987, American Indian agriculture was practically unheard of outside reservation boundaries. IAC's responsiveness to on-the-ground needs and extensive networks contribute across the spectrum of Tribal food system development and further governmental and partner outreach efforts throughout Indian Country. Federal, state, and organizational partners draw upon IAC's expertise to inform programming and policies that directly impact Indian Country and beyond.

Tribal agriculture production and food systems are essential economic development and community drivers in Indian Country. According to the 2017 Census of Agriculture, nearly 80,000 Tribal producers are operating on over 59 million acres of land while generating over \$3.5 billion in economic activity. Some estimates suggest that adequate investments in Indian Country, including increased Federal funding for foreign trade and the removal of structural barriers to global market access, could allow for the agriculture sector across Indian Country to grow to a valuation of \$45.4 billion, spurring economic growth that will contribute to the physical infrastructure necessary while providing the pathway to Tribal self-determination, food sovereignty, and economic growth.

I would like to mention that Chairman Costa, Member Correa, Member Harder, Member Khanna, Member Hartzler, Member Moore, and Ranking Member Johnson, each represent states which are among the top ten for American Indian/Alaska Native producers according to the 2017 Census of Agriculture.

American Indian Foods (AIF)

The American Indian Foods (AIF) program of the Intertribal Agriculture Council (IAC) began in 1998 under contract with the USDA Foreign Agricultural Service. The partnership was developed as a platform for Made/Produced by American Indian certified food and ag businesses to showcase products and share Tribal cultures with the world. The program is designed to work with American Indian owned businesses to provide export education and to facilitate global market penetration while developing sustainable economics based on food production.

The program is designed to offer domestic support to American Indian owned businesses interested in entering the international marketplace while developing sustainable economics based on food production. The program also promotes and authorizes the use of the Made/Produced by American Indian certified trademark to assist American Indian producers in improving their market success, thereby increasing the economic base of the Indian producer and their community, while protecting American Indian producers and consumers from fake and falsely advertised Indian-made products.

By converting the \$3.3 billion in raw food products currently already sold by producers on Indian Reservations today, we predict that Indian Country could become an economic powerhouse with an estimated \$9 billion in premium food products, alone.

Barriers to Foreign Trade Across Indian Country & Possible Solutions

While the IAC AIF provides support to agricultural businesses seeking growth in the international marketplace, many IAC AIF members continue to experience increased uncertainty and risks as the pandemic limits activities and future trade developments. Persistent labor and supply chain issues, coupled with the market uncertainties that both pre-date and accompany these pandemic impacts, are driving this increased uncertainty, along with the additional uncertainty and trauma of operating in a global pandemic that has disproportionately impacted Native people. During this difficult time, Native producers' priorities understandably shifted away from seeking international markets to supporting their Tribal communities; 93% of Tribal producers responding to IAC's COVID-19 response survey indicated that the pandemic had impacted their international sales. As Tribal communities begin to emerge from pandemic-related uncertainties and look again to international markets, some long standing policy and administrative problems must be remedied if Tribal producers are going to be able to access international markets. One of the longstanding problems is the reality of infrastructure needs in Indian Country agriculture, which for many years have gone underfunded or unfunded. Because of decades of being underserved by Federal programs, Native producers begin their pathway to accessing international markets with fewer resources than their non-Native counterparts, and as a result lag behind in market access despite producing specialty and niche products that would do very well internationally.

The reality of Federal underservice to Native producers and the need for Native producers to have better pathways to access international markets was one of the driving factors behind the Congressional adoption of Sec. 3312 of the Agricultural Improvement Act of 2018, or 2018 Farm Bill. This provision, one of the 63 Tribal specific provisions included in the final legislation, required the Secretary of Agriculture to seek greater inclusion and participation of Native farmers, ranchers, and producers on international trade missions and to report back to Congress about the status of Native producers in trade missions. These missions represent critical opportunities to promote Native-produced products, many of which are highly desirable on the international market. Despite this progress in the 2018 Farm Bill and directive to the Secretary, Native producers remained underrepresented in international trade missions in 2019. This provision was a recognition by Congress of the importance of international trade missions in placing producers in front of potential customers and easing pathways to international trade, and should be implemented as soon as possible. Organizations like IAC, which maintains a robust network of technical assistants across Indian Country, can help USDA identify potential applicants for trade missions to fulfill the promise of this farm bill provision.

Another issue we encounter is that foreign trade participants may not understand the certification, licensing, and registration protocol in the U.S. and various countries (for exports). Reproduction by competitors or unethical sellers who take advantage of producers' lack of knowledge remains a challenge as well. Participants with

minimal resources may be irreparably harmed by failed business deals and the support to navigate these issues. Oftentimes, producers do not have the cash flow to cover packaging, repackaging, or labeling costs. A possible solution could include expanding educational efforts to increase availability of resources on export requirements, as well as marketing strategies and business planning. USDA FAS in-market specialists are added resources to offer guidance and market recommendations.

Native producers also face other unique challenges, such as appropriative non-Native food businesses that seek to market their products by claiming Native ancestry or cultural food practices. These unscrupulous food business entities mimic unique Tribal food products without legitimate claim to Tribal citizenship. Those businesses should not be allowed to participate in programs that allow them to access markets with products that perpetrate frauds on Tribal food producers or food businesses.

We propose that the USDA provide tools and resources to analyze risk management and best practices, including international logistics (shipping, insurance, distribution, *etc.*).

Opportunities for Expanding Foreign Market Access to Tribal Producers in Farm Bill 2023

One possible avenue for expanding foreign market access to Tribal producers is through the Trade Title of the upcoming 2023 Farm Bill.

The Trade Title programs are a vital part of food production for all food industries, especially in Indian Country. A growing number of Tribes and individual Indian producers are engaged in trade of food and agriculture products and have participated in the USDA Market Access Program (MAP) via the Intertribal Agriculture Council's American Indian Foods Program, which provides export-readiness training assistance and the incorporation of products into international food trade shows. Tribal food products have high market demand in overseas markets; however, the hurdles necessary to engage in such markets are complex and limit Tribal participation. Improvements to the Trade Title can help support and build Tribal food businesses and provide new markets for unique and traditional Tribal foods, while protecting producers and increasing economic development.

We advocate for supporting and maintaining Tribal food and agriculture businesses' entry into foreign markets by expanding Indian Country's access to the Market Access Program (MAP) and protecting unique Tribal foods against fraud. MAP could be expanded by substantially increasing the funding available to the existing agreements that facilitate coordination and administration of the MAP program. This should be done with the intent of increasing Tribal food business participation in the program so that Tribal audiences and more Tribal food and agriculture businesses can benefit from the program. The impact of such engagement will further solidify local food economies and food businesses and stabilize Tribal economies.

We believe that the USDA should institute a system by which fraudulent foods that mimic Tribal foods and Tribal food businesses can be uncovered and prevented in the marketplace. Food fraud is on the rise throughout the world, and unscrupulous food business entities are already trying to mimic or replicate unique Tribal food products. Those businesses should not be allowed to participate in programs that allow them to access markets with products that perpetrate frauds on Tribal food producers or food businesses.

We also advocate for improving interdepartmental coordination and Tribal Government and individual Indian producer inclusion on all U.S. trade missions. This should include recognizing Indian Country as the USDA develops a stronger relationship with the Department of Commerce on food and agriculture trade. A special interdepartmental coordination group with USDA, Department of Commerce, Department of State, and other applicable agencies should be created to ensure that Tribal food production is properly supported and encouraged on Tribal lands and is thereafter made a part of the U.S. trade missions and efforts to promote agricultural trade.

To further increase Tribal producers' presence on the world agriculture stage, Tribal Governments, Tribal food businesses, and individual Tribal food producers should be included on all foreign trade missions undertaken by the United States to further facilitate the access of Tribal food products to such markets.

Last, we believe that it should be within Tribal nations' power to trade directly with Indigenous Tribes and Nations from Canada and Mexico. Tribal nations are sovereign nations and have the right to regulate their own trade agreements, especially those with other Indigenous entities.

The CHAIRMAN. Well, we appreciate that, and you are a very good witness, and obviously you are well representing the American Indian Foods Program as its Director, and we really appre-

ciate the Intertribal Agriculture Council's participation in this morning's hearing, and I am sure there will be questions. So, thank you.

Our fourth witness today is Ms. Jen Sorenson. Ms. Sorenson is President of the National Pork Producers Council. In the past decade she has been with Iowa Select Farms, an Iowa farming business that markets more than five million hogs per year. She grew on her family's livestock farm, raising pigs and row crops, and we are looking forward very much to your testimony. So, Ms. Sorenson, would you please begin?

STATEMENT OF JEN SORENSON, PRESIDENT, NATIONAL PORK PRODUCERS COUNCIL, WASHINGTON, D.C.

Ms. SORENSON. Good morning, Chairman Costa, Ranking Member Johnson, and Members of the Subcommittee. Thank you for the opportunity to testify on U.S. Pork Producers trade policies. I am the Communications Director for Iowa Select Farms in West Des Moines, Iowa, and President of the National Pork Producers Council, which represents the interests of over 60,000 pork producers across the United States.

Exports are crucial to the U.S. pork industry. Last year we exported nearly \$8 billion of pork, and those exports accounted for $\frac{1}{3}$ of the average price received for every hog marketed, or \$56. Those exports also supported well over 100,000 American jobs. The past few years have been incredibly difficult for hog farmers. After more than 3 years of trade retaliation that limited pork producers' ability to compete effectively around the globe, the COVID pandemic unleashed unprecedented challenges for the entire food supply chain. We have largely bounced back, and U.S. pork exports are on track to hit record highs, but still face some challenges.

Our exporting success can be largely attributed to high market access outcomes negotiated under free trade agreements. U.S. pork exports have increased more than 1,800 percent in value, and over 1,700 percent in volume, since 1989, the year the United States implemented its FTA with Canada, and started opening international markets for value-added ag products. Not only to FTA/tariffs, they also are a great avenue for U.S. agricultural science-based standards to be accepted, 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 FTAs, are critical to the continued success of America's pork producers, U.S. agriculture, and the overall American economy. The bottom line is the United States needs more FTAs which eliminate or significantly reduce tariffs and non-tariff barriers to U.S. exports.

U.S. pork producers have four trade priorities. First, preventing African Swine Fever from reaching our shores. An ASF outbreak in the U.S. would have catastrophic effects on U.S. pork domestically and abroad, and would negatively affect other protein sectors, such as corn and soy. This is why it is imperative we focus on prevention and planning. Second, better market access for U.S. agriculture in Asia through the negotiations of FTAs, including entering the comprehensive and progressive Trans-Pacific Partnership.

Recently we have seen some successes in the Asia/Pacific region. Vietnam agreed to give better market access to U.S. pork through the reduction of tariffs. Vietnam agreed to reduce the MFN tariff for frozen pork from 15 percent to ten percent, with the reduction to enter into force on July 1, 2022. We are encouraged by the negotiations with Vietnam, and hope they lead to broader trade discussions. We want to thank the 70+ Members of Congress who signed the letter urging for these reductions in tariffs. Similarly, the Philippine Government announced it would increase its minimum access volume, its quota, and slash tariffs on pork to curb food price inflation caused by ASF outbreaks in that country. Since then, our exports there have increased by over 100 percent.

Third, we welcome the recent announcement that the U.S. and EU have come to an agreement on the Section 232 steel and aluminum tariffs. We hope this leads to similar negotiations with China, ultimately eliminating the 25 percent retaliatory duty assessed by China on U.S. pork. And fourth, we must do more as a nation to address the severe supply chain issues affecting all parts of the U.S. economy. We are witnessing enormous backlogs at ports throughout the country. We hope to see swift passage of the Ocean Shipping Reform Act of 2021, which will address some of the issues plaguing U.S. exports. However, our supply chain issues go well beyond the ports, as we face tremendous labor shortages that affect not only our farms, but all aspects of the food chain.

In conclusion, expanding access to new and existing markets is critical to the success and future growth of our industry. U.S. pork producers need Congress and the Administration to work together to quickly address these issues, enabling hog farmers to continue contributing to the rural and overall U.S. economy. Thank you so much for the opportunity to testify, and I look forward to questions.

[The prepared statement of Ms. Sorenson follows:]

PREPARED STATEMENT OF JEN SORENSON, PRESIDENT, NATIONAL PORK PRODUCERS COUNCIL, WASHINGTON, D.C.

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 60,000 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 131 million hogs in 2020. Those animals provided farm-level cash receipts of more than \$22 billion.

To produce those hogs, pork producers used roughly 1.1 billion bushels of corn and the soybean meal from 455 million bushels of soybeans in 2020. They also used roughly 5 million tons of distillers dried grains with solubles (DDGS), a major by-product of corn ethanol production.

Economists Daniel Otto, Lee Schulz and Mark Imerman of Iowa State University estimated that in 2016, the U.S. pork industry was directly responsible for the creation of more than 37,000 full-time-equivalent jobs in pork production and generated roughly 126,000 jobs in the rest of agriculture. In addition, the pork sector was responsible for 124,750 jobs in meatpacking and processing and 33,400 jobs in professional services such as financial services, insurance and real estate. In total, the U.S. pork industry supports nearly 514,000 mostly rural jobs in the United States.

Most importantly, U.S. pork producers in 2020 provided more than 28 billion pounds of safe, wholesome, and nutritious meat protein to consumers worldwide.

Pork Exports

Trade is vitally important to America's pork producers, who annually export over a quarter of production to more than 100 countries. The pork industry exported \$7.9 billion of pork in 2020, and those exports accounted for about \$56 of the average price received for each hog marketed and supported 110,000 American jobs, according to Iowa State University economists.

Despite COVID-19 and many other challenges, including trade retaliation from two of its top foreign markets, the U.S. pork industry exported a record amount of pork in 2020, and it is poised to set a new record this year. In fact, through September 2021, America's pork producers already had shipped to foreign destinations \$6.7 billion worth of product compared with about \$6.1 billion at the same point last year, a 9.6 percent increase.

Annual exports of U.S. pork have been increasing for the past several years, generally because of improving economies and rising middle classes in countries around the world. Other factors also have driven those increases, including in some nations the emergence of robust hotel and restaurant industries—particularly as world travel has become relatively easier and cheaper—and disease challenges. A number of important U.S. export markets in Southeast Asia, for example, have been battling African swine fever (ASF) for the past several years so have needed to increase pork imports.

Trade Deals Key to Increasing Exports

The biggest reason for U.S. pork export growth over the past 2 decades is 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.

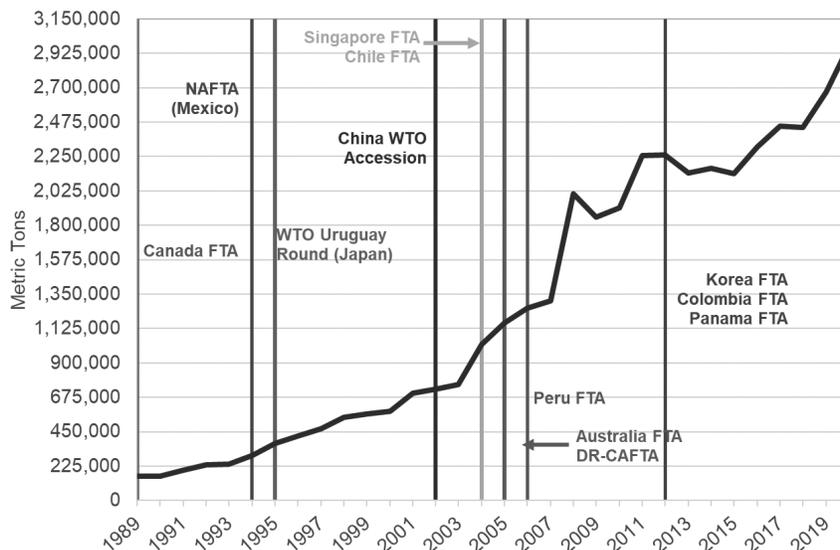
In fact, as a result of trade agreements, U.S. pork exports have increased more than 1,850 percent in value and nearly 1,750 percent in volume since 1989, the year the United States implemented its FTA with Canada and started opening international markets for value-added agriculture products.

Since 2000, pork exports to FTA countries have increased 649 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 2 decades.

In addition to FTA's granting better market access for U.S. pork, the agreements usually are the best avenue for U.S. agricultural science-based standards to be accepted 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 free 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 FTAs, which eliminate or significantly reduce tariff on and non-tariff barriers to U.S. exports.

Annual U.S. Pork Exports



Success of FTAs

Proof of that 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 more than 1/3 of total U.S. exports (Jan.-Sept. 2021) and supporting 14 million American jobs. Those jobs produce the nearly \$1.4 billion of goods that are shipped to Canada and Mexico each day.

While trade between the United States and Canada has been good since 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 \$212 billion and support 1.5 million U.S. jobs. U.S. agricultural exports to Mexico have grown nearly 292 percent since NAFTA was implemented.

With regard to U.S. pork trade, Mexico and Canada were the No. 3 and No. 4 export markets, respectively, for the U.S. pork industry in 2020. From 1993, the year before NAFTA was implemented to 2020, U.S. pork exports to Mexico increased 16-fold, from just 98 million pounds to almost 2.1 billion pounds, and exports to Canada went from 36.4 million pounds to nearly 500 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, Nicaragua and Panama—Peru, Singapore and South Korea.

It must be pointed out that, contrary to critics—both here and abroad—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 2020 pork production in Mexico increased by 60 percent. That rise was accompanied by—and often was the result of—improvements in disease prevention and eradication and in slaughter and processing plants and by a significant increase in Mexican consumer demand. Its surge in pork production also prompted Mexico to start exporting pork, including to the United States.

Looking East

More recently, the U.S. pork industry has turned much of its attention toward 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 historic “Phase One” trade deal that helped boost U.S. pork exports to the Asian giant, which took in nearly \$2.3 billion of American pork last year, making it the No. 1 value market for the U.S. pork industry.

The United States is sending record amounts of pork to China despite that country’s tariffs, including a 25 percent retaliatory duty—it had been 60 percent—on U.S. pork 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 are a cumulative 33 percent compared with eight percent for the rest of the world. The United States could be exporting more pork if not for the continued tariffs.

Additionally, the Phase One deal with Japan went into effect on Jan. 1, 2020, which put U.S. pork on a level playing field with other major pork exporters, kept U.S. product flowing there—the U.S. pork industry’s No. 2 market in 2020—and 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 Minimum Access Volume (MAV) and slash tariffs on pork to curb food price inflation caused by ASF outbreaks in the country. U.S. pork exports to the Philippines have increased by 100 percent to over \$122 million since then. Although these are great results for U.S. pork producers, who have already seen the benefits, the tariff reductions are not permanent and are set to expire within 12 months. The U.S. pork industry continues to urge the Philippines Government to make the tariff reductions permanent. This is a major downside of not having a comprehensive trade agreement—tariff reductions are seldom permanent.

Also this year, Vietnam agreed to give better market access to U.S. pork through the reduction of tariffs. Although details have not been finalized, the pork industry is encouraged by the negotiations with Vietnam and hopes they lead to broader trade discussions.

Now, the U.S. pork industry, through the advocacy of NPPC, is urging the Biden Administration to join the TTP’s successor, the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), whose 11 member-countries combined have 500 million consumers and a gross domestic product of \$11.5 trillion, representing 13.5 percent of global GDP.

U.S. pork producers were strong proponents of the TPP, which in addition to the United States included 11 Pacific Rim countries, including Japan, which at the time of the TPP negotiations was the U.S. pork industry’s No. 1 value market despite the United States not having a trade agreement with it. In fact, the prospects of shipping much more pork to the Asia-Pacific region under the TPP were so good, they helped prompt construction of five new pork packing plants across rural America.

Trade Promotion Authority and Preferential Trade Programs

Almost every one of the FTAs the United States has concluded were made possible by the enactment of Trade Promotion Authority (TPA) legislation. TPA gave U.S. negotiators the ability to extract the best deals possible from trading partners. Without it, no country would be willing to make tough 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 of this year. TPA lets U.S. trade representatives negotiate from a position of strength and prompts U.S. trading partners to cut to their bottom-line negotiating position.

The U.S. Generalized System of Preferences (GSP) recently expired, too. GSP, which provides nonreciprocal, duty-free treatment of goods exported to the United States from beneficiary countries, also gives U.S. trade negotiators leverage when discussing market access with GSP-eligible countries.

Supply Chain Issues Affecting U.S. Pork Trade

There also are a number of domestic issues that could hamper exports, including a severe labor shortage—particularly at packing plants, which process and package product for export—and disruptions at America’s shipping ports.

With regard to U.S. ports, the United States is facing a massive backlog of containers waiting to be loaded into vessels and dozens of ships waiting to offload cargo at West Coast ports. Such disruptions are particularly acute for agricultural goods, many of which are perishable, including pork. A majority of farm products exported to the Asia-Pacific region route through the ports in Long Beach, Los Angeles and Oakland, Calif., and Seattle and Tacoma, Wash.

In 2020, the U.S. pork industry sent 52 percent of its exports—\$3 billion worth—through the West Coast ports. But shipping delays are increasing costs to the industry and making the United States an unreliable trading partner.

Frequent last-minute cancellations of U.S. pork shipments have undermined certainty and eroded trust with buyers in whom the pork industry has invested heavily to earn. Some large international retailers and restaurant chains are looking at sourcing pork from other countries rather than waiting for U.S. product. If shipping delays continue, more retailers are likely to follow suit.

Congress and the Administration must address the ports issues or shipping delays may also negatively impact future trade negotiations with Southeast Asian trading partners. NPPC supports the “Ocean Shipping Reform Act of 2021” introduced by Reps. John Garamendi (D–CA) and Dusty Johnson (R–SD), which would address the issues plaguing U.S. exports.

On the labor front, like much of agriculture, the pork industry is dealing with a lack of available workers. The shortage of labor was a problem before COVID and has been exacerbated by it, with some farms facing job vacancy rates as high as 30 percent despite offering record-high wages and benefits. Many pork packing plants do not have enough workers to run second and/or Saturday and Sunday shifts, meaning supply is having a hard time keeping up with demand, including export demand.

Reforming the existing H–2A visa to include year-round agricultural workers—currently, it allows only temporary seasonal labor—without a cap on the number of visas available, is the only solution given rural America’s declining population.

Finally, a wild card issue is ASF. While the swine-only disease actually has helped boost U.S. pork exports to some countries that are dealing with it, such as China, ASF now is in the Western Hemisphere (the Dominican Republic and Haiti) for the first time in more than 40 years and poses a bigger threat to the United States than it did when it was confined mostly to Southeast Asia and Eastern Europe.

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. USDA recently asked the World Organization for Animal Health (OIE) to recognize Puerto Rico and the U.S. Virgin Islands, which neighbor the Dominican Republic and Haiti, as a “protection zone,” a classification that allows the United States to maintain its current animal health status should a case of ASF be detected on either U.S. territory. Such an OIE designation is critical because it would let the United States, as an ASF-free country, continue exporting pork.

NPPC commends Agriculture Secretary Vilsack for dedicating \$500 million in USDA Commodity Credit Corporation (CCC) funds for prevention of and preparation for ASF, a pig-only disease that would be devastating for the U.S. pork industry. The effects of ASF would reverberate through the farm economy, devastating not only for the pork industry but also other U.S. proteins and the corn and soy farmers who feed producers’ animals. This is why NPPC also has been asking Congress for increased funding of \$20 million for additional staff for the USDA Animal and Plant Health Inspection Service’s Veterinary Services field force, \$30 million to fully fund the National Animal Health Laboratory Network (NAHLN) and funding for additional Customs and Border Protection (CBP) agents and canine teams as authorized in P.L. 116–122, the Protecting America’s Food and Agriculture Act of 2019.

Conclusion

The importance of trade to the U.S. pork industry—indeed to the entire U.S. economy—cannot be overstated. America’s pork producers get more than a third of their income from exports, and those exports contribute significantly to U.S. agriculture’s positive balance of trade.

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

For the U.S. pork industry, that means: joining the CPTPP; expanding market access in Southeast Asian countries such as Vietnam; getting China to remove its retaliatory tariffs on pork; renewing TPA; addressing the country’s aging ports and labor shortage; and keeping the United States ASF-free.

The CHAIRMAN. Thank you very much, Ms. Sorenson, for your focused testimony. And I will say that the efforts of this Subcommittee, and other Members, on the critical challenges facing the supply chain, I really look at it in two categories: and that is; one,

short-term things that we can do to remedy the situation; and long-term efforts. The legislation that we have referenced, and that you noted, that Congressman Garamendi is carrying I think is very important. I put that more in the longer-term, along with the President's signing of the infrastructure package that will allow us an opportunity to expand our ports and harbors.

But there are other parts of the supply chain that more immediately need our addressing, in terms of the ability to make trucking available, and other efforts to get these goods to ports. So it is all of the above, both the short-term and the long-term, that we need to be focused on, and we are going to try everything we can to focus on those comments that you made. So thank you very much.

I would like to now defer to my colleague, the Ranking Member here from South Dakota, to introduce our fifth and final witness, who happens to be a constituent of his. Mr. Johnson.

Mr. JOHNSON. Thank you, Mr. Chairman, and yes, our next witness is a South Dakotan, and I want to just share two thoughts about him. First off, he has a tremendous legacy of leadership on the farm. He is the fourth generation on the farm, and he has done a good job of raising the fifth, and I have to say, I mention the sixth generation coming up behind him as well. I have been on his family's land, and he has taught me about the impacts of drought on soybeans, and on corn, there on his property, and it is a remarkable legacy of leadership on the farm.

But there is also a remarkable family legacy in advocacy. He is appearing before you today as President of the American Soybean Association, and he has done a good job in the last year on that front, but you shouldn't be surprised when I mention that his son, Jordan, is the President of the South Dakota Soybean Association. I guess, clearly that acorn didn't fall very far from the tree. By the way, it is Jordan's birthday today, so thank you to our witness for taking time away from his son. So without any further ado, Mr. Chairman, I am happy to introduce Mr. Kevin Scott, the President of the American Soybean Association.

The CHAIRMAN. Well, that is an excellent introduction, my friend, and obviously you can extend, from the entire Subcommittee, a happy birthday wish to your son.

Mr. SCOTT. Thank you.

The CHAIRMAN. Please begin.

**STATEMENT OF KEVIN SCOTT, PRESIDENT, AMERICAN
SOYBEAN ASSOCIATION, ST. LOUIS, MO**

Mr. SCOTT. Chairman Costa, Ranking Member Johnson, and Members of the House Agriculture Committee Livestock and Foreign Agriculture Subcommittee, it is an honor to testify before you today on trade policy and priorities of American soybean growers. My name is Kevin Scott, and I am a soybean farmer from South Dakota. I also have the privilege of serving as President of the American Soybean Association, which represented U.S. soybean farmers on national policy matters.

International trade is a pillar of the U.S. soybean industry. More than 50 percent of U.S. soy was exported to foreign markets last year. Continued access to existing markets, and new ones, is crit-

ical to our long-term success. We need your support, and the Administration's support, to assure the free, fair trade that will keep U.S. soy farmers competitive. In the time allowed, I would like to discuss a few of our key trade priorities, though a full account can be found in my written testimony.

Let me begin with China. China is the largest importer of soybeans in the world, and by far the biggest export market for U.S. soy. In 2020 and 2021 China imported almost 32 million metric tons of soy from the U.S. Exports to Mexico, our second largest export market, was just under 5 million metric tons, by comparison. We represent more than 35 percent of China's soy imports, with one in three rows of beans grown in the U.S. shipped to China to fill that demand.

However, as the Committee is aware, U.S. soybean exports to China came to a halt during the 2018 trade war. At the height of disruption, U.S. soy's footprint in the Chinese market reached a little over 12 percent. The same year, Brazilian imports captured nearly 75 percent of the China market. Soy growers began building the China market for U.S. beans more than 40 years ago. They are keenly aware of what it takes to establish new markets, and likewise that markets, once lost, are extremely difficult to rebuild.

The China Phase One deal has been critical to providing relief from retaliatory tariffs levied by China on U.S. soybean imports, but the agreement expires after 2021. There is still work to be done, particularly regarding ag biotech, which has been a major barrier to bringing new soybean traits to U.S. producers. We encourage USTR to hold China accountable to its biotech commitments made under the Phase One agreements.

U.S. soybean growers need predictability and certainty that we can retain market access in China. The past several years have been extremely difficult for our industry, and we are now forced to compete with Brazil and Argentina, who, recognizing our trade friction with China, increased soy production, and cut into global markets well beyond China.

Turning to Mexico, and the importance of free trade agreements, under NAFTA, U.S. soybean exports to Mexico tripled, and again Mexico is now our number two export market. When President Trump announced his intent to renegotiate NAFTA, ASA's ask was do no harm. We were pleased USMCA maintained our existing market access, but recent events in Mexico are concerning. The government has not approved a new biotech product for import since 2018, and recently it rejected a pending biotech corn application without scientific justification. These actions are contrary to ag biotech provisions in USMCA to which Mexico committed, provisions we feel are the gold standard.

Right now U.S. soybean exports to Mexico are unhindered, but the consequences of these actions, or lack thereof, could impact future trade. If new seed varieties cannot get approval in both Mexico and China, developers may decide not to commercialize new traits. We urge President Biden to address these issues directly with President López Obrador. The U.S. was once a leader in establishing new free trade agreements, but our last new free trade agreement entered into force in 2012, despite the U.S. having negotiated the Trans-Pacific Partnership. That is nearly 10 years of in-

activity for codified market expansion that could have helped U.S. agriculture.

While the U.S. remains idle, our international competitors forged ahead. Six new and significant regional trade agreements now include preferential tariff treatment for ag products from our competitors. We encourage the Administration to negotiate re-entry into CPTPP, and for USTR to use FTAs to maximize our strategic position in the global economy, and give U.S. agriculture much needed market access in emerging markets. Last, we would love to see a doubling of MAP and FMD funds.

This only scratches the surface of ASA's trade priorities. Again, a full list is in my written testimony. Thank you sincerely for holding this hearing, and the opportunity to testify.

[The prepared statement of Mr. Scott follows:]

PREPARED STATEMENT OF KEVIN SCOTT, PRESIDENT, AMERICAN SOYBEAN ASSOCIATION, ST. LOUIS, MO

Introduction

Chairman Costa, Ranking Member Johnson, and Members of the House Agriculture Committee Livestock and Foreign Agriculture Subcommittee, it is an honor to testify before you today on trade policy and the priorities of American soybean growers. My name is Kevin Scott. I am a soybean farmer from Valley Springs, South Dakota, and I have the privilege of serving as President of the American Soybean Association (ASA). Our association, founded in 1920, represents all U.S. soybean farmers on domestic and international policy issues important to the soybean industry. ASA has 26 affiliated state associations representing more than 500,000 farmers in 30 soybean-producing states.

The U.S. soy industry has a profound, positive impact on the U.S. economy. We have long been U.S. agriculture's #1 export crop, and a by-the-numbers look demonstrates soy's value to our domestic economic health. USDA projects 86 million acres of soy will be harvested in 2021, with a record production forecast of 4.4 billion bushels. Soybean production alone accounts for close to 150,000 jobs, more than \$6 billion in wages and \$86.5 billion in revenues, according to a *recent study*¹ by the United Soybean Board/Soy Checkoff and National Oilseeds Processors Association. This does not even include secondary soy markets and supporting industries like biodiesel, grain elevators, feed mills, ports, rail, refining, barges, *etc.*, which bring soy's national revenue impacts to a significant \$115.8 billion.

As that price tag would convey, international trade is one of the pillars of the U.S. soybean industry. Exports to foreign markets were more than 50% of U.S. soy production this last marketing year. Continued access to those existing markets, new markets, and international food aid markets are critical to sustaining U.S. soybean growers' success. To that end, ASA works to promote U.S. soy's quality and uses overseas through both its World Initiative for Soy in Human Health (WISHH)—ASA's long-term market development program—and partner organization, the U.S. Soybean Export Council (USSEC). Support from the Administration and Congress is vital to assure the free and fair trade needed to keep U.S. soybean growers competitive and bolster ASA's efforts with both WISHH and USSEC.

China

China is the largest importer of soybeans in the world and is the biggest export market for U.S. soybeans. In marketing year (MY) 2020/21, China imported 99.8 million metric tons (MMT). Comparatively, U.S. soybean exports to Mexico—our second largest export market—only totaled 4.9 MMT for that same year. Right now, U.S. soy represents more than 35% of China's soy imports, and one in three rows of beans grown in the U.S. is shipped to China to fill that great demand. Further, USDA expects China's demand for imported soybeans to increase to 100.0 MMT in MY2021/22 because China's hog herd has now largely recovered African Swine Fever, which has plagued the country the last 3 years.

It is critical to note that soy exports to China are still down compared to MY2016/17 levels. As the Committee is aware, U.S. soybean exports to China not only plum-

¹ https://soygrowers.com/wp-content/uploads/2020/09/1USB_QSSB_Economic_Impact_of_Soybeans_National.pdf.

meted—but essentially halted—during the trade war with China that began in spring 2018 and escalated that summer. In 2017, China was a \$14 billion+ market for U.S. soy. Contrarily, at the height of the disruption, U.S. soy’s footprint in the Chinese market reached only 12.5%. That same year, Brazilian imports captured nearly 75% of the Chinese market. U.S. soy growers started building the China market for U.S. beans more than 40 years ago. Thus, soy growers are keenly aware of the time, financial and related investments it takes to establish new markets and are likewise aware that markets, once lost, are extremely difficult to rebuild.

The China Phase One deal was instrumental in providing relief from the tit-for-tat, retaliatory tariffs levied on U.S. soybean imports by China in 2018, and that reprieve—while not yet permanent—has been beneficial for U.S. soybean growers. Now, the Phase One agreement will expire at the end of 2021. While soy and other trade has resumed to more normal levels, there is still work to be done, particularly regarding biotechnology, which has been a major barrier to bringing new soybean traits to U.S. producers.

China continues to maintain an asynchronous approval process for biotech events, and there is often a backlog of unapproved traits. For reference, approvals typically take 6 years, and the regulatory procedures and timelines are opaque and unpredictable. ASA has for years implored our leaders insist China make real progress in establishing a more predictable, timely and transparent approval system.

Under Annex 16 of the Phase One agreement, China is required to reform its agricultural biotechnology approval process. This includes a requirement to reduce the average approval time to 24 months, base its safety evaluation processes on international standards and recommendations, and implement new procedural steps designed to facilitate approval of biotechnology products considering the intended use.

We encourage the Office of the U.S. Trade Representative to hold China accountable to its biotech commitments made under the Phase One agreement. The trait approval process should be a function of a consistent and efficient regulatory system. However, without the U.S. Government pressing the Chinese on this reform, it will take much longer for new seed varieties to be made available to U.S. soybean growers, which has implications for productivity, weed control, quality, environmental footprint and more. Compounding the situation, China’s lack of willingness to quickly and efficiently approve traits can preclude seed manufacturers from being amenable to developing more new and improved seeds—a costly process—and those seeds from then being ready and available for approvals by other countries, which are proportionately smaller markets and not always “worth the effort” of those manufacturers if not approved for use by China.

ASA remains concerned about the ongoing effects of Section 301 tariffs on the trade environment. As noted, the Phase One agreement did not lift retaliatory tariffs on soybean exports but instead created a waiver process under which importers can request U.S. soy be imported at normal duty rates. While the waiver process is functional and resulted in near record levels of exports in the 2020/21MY, the waiver process is not guaranteed by China and could change at any time, resulting in elevated tariff levels that would again significantly impact U.S. exports.

Regarding products imported into the U.S., several critical inputs from China are still subject to tariffs by the U.S. Government. These include fertilizer inputs such as phosphate, as well as several key chemistries on which soybean growers rely for crop protection. We encourage the Administration to closely reexamine the efficacy of these tariffs and expand the exclusion process for products widely used in agriculture to avoid compounding their negative impacts.

The outlook for U.S.-China relations is unclear, and our global competitors are aware of this situation. ASA understands that there are myriad geopolitical issues facing the U.S. when it comes to negotiating with Beijing, and we are supportive of the U.S. Government finding a long-term solution to these longstanding issues.

However, *U.S. soybean growers need predictability and certainty that we will retain market access in China*. The past several years have been extremely difficult for the U.S. soybean industry. While we have regained some market share in China, we now are forced to compete much harder with South American countries than before 2018, not just with their exports to China but with their increased soy sales around the world; those other countries, for instance Brazil and Argentina, have increased soy production as a result of our ongoing trade friction with China.

Mexico

Mexico offers a great example of a non-tariff tool that can be highly effective: the free trade agreement (FTA). Under NAFTA, U.S. soybean exports to Mexico tripled, and Mexico is now the #2 market for whole U.S. soybeans, soybean oil and soybean meal. U.S. beans exported to Mexico have grown exponentially, and those market

gains speak to the possibilities for American agriculture when utilizing these multi and bilateral agreements.

Before the entry into force of the North American Free Trade Agreement (NAFTA), Mexico imposed a seasonal tariff of 15% on soybeans. Under NAFTA, Mexico immediately reduced this tariff to 10% and shortened the dutiable season from Aug. 1–Jan. 31 to Oct. 1–Dec. 31. This tariff was phased out by 2003. Mexico had tariffs of 15% on soybean meal, 10% on crude soybean oil, and 20% on refined soybean oil. These restrictions were also phased out over 10 years.

When President Trump announced his intent to renegotiate NAFTA into what became the U.S.-Mexico-Canada Agreement (USMCA), ASA's topline message was "do no harm." We were pleased to see the new agreement maintained our existing market access and included improved language around regulatory transparency, sanitary and phytosanitary issues, and other technical matters.

Recent events in Mexico are, however, cause for concern. Under the Administration of President López Obrador, Mexico has not maintained a science-based approval process for agricultural biotechnology. The government has not approved a new biotechnology product for import since 2018 and recently rejected a pending biotech corn application without any scientific justification. Currently, there is a backlog of 25 biotechnology traits pending approval in Mexico. These actions are contrary to provisions Mexico committed to regarding agricultural biotechnology in USMCA, which we see as the "gold star" of biotechnology provisions in existing FTAs.

I want to be clear: At this moment in time, U.S. soybean exports to Mexico are unhindered. Yet, we continue to sell our product to Mexico with a wary eye on the future. These actions, or lack thereof, regarding Mexico's approval process are concerning to ASA for two primary reasons.

First, Mexico's current approach to biotechnology and seeming adoption of the "precautionary principle" model of regulation is the exact opposite of what Mexico committed to uphold when it ratified USMCA. If the U.S. does not hold our closest trading partner accountable to its commitments, what message does that send to the rest of the world?

Second, while there are no soybean traits of note pending in Mexico, ASA is strongly concerned with the long-term consequences and lingering effects of this lack of regulatory approval. The longer this issue lingers in Mexico, the greater the odds are that this will have a trickle-down effect on the availability of new biotechnology products for U.S. soybean growers or increase the risk for trade disruption. If a new seed variety cannot get approval in Mexico, developers—as mentioned with China—may choose not to commercialize new traits, which would decrease the availability of new varieties for our farmers. In turn, this could have a negative effect on the sustainability of U.S. farmers.

ASA strongly urges President Biden to address these issues directly with President López Obrador, and we stand ready and willing to help in any way we can.

Bilateral and Multilateral Engagement

Trade promotion and market access are major priorities for the U.S. soybean industry. Tariff and non-tariff barriers to trade are frequent problems for our exports, and these barriers limit the potential for predictable global market access for soybeans, soybean meal and soybean oil. Barriers facing U.S. soybeans and soy products include tariffs and quotas, unjustified or risk-unproportionate sanitary and phytosanitary measures, and rules and regulations not based in science. These obstacles distort markets and reduce the potential for U.S. soy exports.

We have been heartened to see the Administration take actions with the European Union in resolving the longstanding dispute on aircraft subsidies, as well as resolution on the Section 232 tariffs on steel and aluminum from the EU. However, we remain greatly concerned with the current U.S. approach to bilateral and multilateral agreements. The U.S. was once a leader in establishing new free trade agreements. Nevertheless, the FTA landscape has changed considerably since the last new U.S.-based FTA with Columbia was signed. While the U.S. has engaged in negotiations of existing agreements such as USMCA and the updated U.S. Korean Free Trade Agreement (KORUS), our last new FTA entered into force in 2012, despite having negotiated the Trans-Pacific Partnership (TPP). That is nearly 10 years of stagnation for codified market expansion for U.S. agriculture.

While the U.S. has remained idle, our international competitors have been extremely active in forging ahead with new multilateral agreements. Six large, regional trade agreements have recently concluded and include preferential tariff treatment for agriculture products. These agreements include the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), the EU-Japan Economic Partnership Agreement, the EU-Canada Comprehensive Economic and

Trade Agreement (CETA), the EU-Mercosur FTA, the EU-Ukraine Deep and Comprehensive FTA, and the Regional Comprehensive Economic Partnership (RCEP).

American agriculture does not benefit from any of these agreements. Our competitors will see preferential market access for their products and increased market access while the U.S. sits on the sidelines.

ASA recognizes that the international landscape has changed since the U.S. first negotiated the original TPP, and we are grateful for Ambassador Tai's leadership both during those negotiations and now in her role as the U.S. Trade Representative. Continued market access in the Indo-Pacific region is of critical importance to the continued success of U.S. soybean growers. Outside of China, several of U.S. soy's top ten export markets are in the region: Indonesia, Japan, Taiwan, Thailand and Bangladesh.

The importance of expanded market access for U.S. soybean exports cannot be overstated, particularly if we are to diversify our export markets and decrease our reliance on the Chinese market. An original intent of TPP was to create a hedge around China, and ASA still believes that agreement holds tremendous potential for U.S. agriculture. We strongly encourage the Administration to reengage in negotiations for reentry into the CPTPP. Furthermore, we encourage USTR to look to multilateral free trade agreements to maximize the U.S.'s strategic position in the global economy and to give U.S. agriculture much-needed market access in emerging economies.

World Trade Organization Reform

ASA is encouraged to see the U.S. reengaging with the World Trade Organization (WTO). The benefits of free and fair trade to U.S. agriculture are greatly enhanced by well-defined rules and functional international institutions. However, flaws in the WTO system have become apparent over the past several years, and reform is badly needed. It is up to the U.S. to lead our trading partners in reforming the WTO. We are under no illusions about the difficulty of this task. Success, however, would serve as a lasting achievement that would benefit U.S. agriculture for years to come.

We understand there is skepticism toward the importance of the WTO. However, ASA and U.S. soybean growers are supportive of the WTO and want it to function well. ASA, alongside several other agricultural stakeholders, have come together with a set of policy recommendations for the U.S. in the leadup to the Twelfth Ministerial Conference of the WTO, to be held the week after U.S. Thanksgiving in Geneva, Switzerland.

Ultimately, WTO reform needs to include: (1) an effective dispute settlement system, (2) compliance of WTO-member countries in implementing current commitments, and (3) more market-oriented support for farmers and reduced protection so U.S. agriculture can sell more product to our global customers.

Emerging Markets

Last year, the U.S. formally launched negotiations for a comprehensive free trade agreement with Kenya. While those talks are currently paused while the Administration reviews its trade policy priorities, U.S. soy sees tremendous potential in expanded access to the African market. An FTA with Kenya would represent the U.S.' first FTA with a sub-Saharan African nation. Should we gain market access in that country, it could represent a shifting of the tide and present a counter to the prevailing skeptical European attitudes toward modern agriculture.

In 2017, our partner organization, USSEC, embarked on a strategy to diversify U.S. soy's export markets and increase investments in emerging markets around the world. Many of those countries import relatively small amounts of U.S. soy or none at all (as is the case of Kenya). At the same time, some of those emerging markets represent good opportunities for growth in the medium to long-term future due to their growing populations and middle class.

A 2019 report on U.S. soy export opportunities in Kenya found there is a demand for soybean meal as the preferred protein source for animal feed manufacturers. However, in-country production is limited, and Kenya imports around 200,000 MT of soy per annum from Uganda, Zambia and Malawi. With its growing population and economy, the demand for animal feed in Kenya is expected to grow further. However, there is currently a large obstacle facing U.S. soy. In 2012, Kenya implemented an import ban on genetically modified crops following the publication of an inflammatory—and since-retracted—report that claimed herbicide-tolerant corn caused cancer in rats. This report, while responsible for a flurry of anti-bio-technology activity, has been widely discredited and, as mentioned, ultimately was retracted. However, the damage was done, and the ban remains in place.

ASA strongly supports reengagement in bilateral talks with Kenya as a way to ease this ban on imports of genetically engineered crops. Furthermore, an FTA with Kenya could open the door to future partnership with other African nations.

While Kenya may represent our current best hope for an FTA, U.S. soy has not been idle on the African continent. Through ASA's long-term market development program, WISHH, U.S. soy has been hard at work increasing the demand for high quality soy protein used as livestock feed to meet the world's protein needs. WISHH identifies markets that demonstrate growth potential. Working with key in-country stakeholders, WISHH then works within those systems to build resiliency in trade while positioning U.S. soy as a protein partner for the future.

On the African continent, WISHH recently completed a 5 year project in Ghana that aims to improve the quality of poultry feed and its accessibility to poultry producers. Through working on the ground in-market, WISHH worked with stakeholders at Kansas State University and the Adventist Development and Relief Agency to educate farmers about grain storage and quality. Through demonstrations, poultry farmers were taught to maximize the efficiency of feed to decrease production costs and increase flock health. This in turn showed the benefits of using soy as the primary protein source for Ghanaian chickens. As a result, this project helps meet Ghana's protein needs through increased egg consumption.

Looking outside the African continent, U.S. soy sees continued promise in emerging markets in Southeast Asia. In Cambodia, fish are an integral part of the diet, but wild-caught fish account for more than 75% of the domestic market. Local officials recognize the unsustainable nature of the domestic fish market and have turned to aquaculture to meet demand for freshwater fish.

Another WISHH project, CAST (Commercialization of Aquaculture for Sustainable Trade), is working in-country to address this challenge. The project is designed to accelerate production of high-demand fish species for the Cambodian market and develop a lasting aquaculture industry that recognizes the value of soy protein in feed. CAST will impact all aspects of the aquaculture value chain, including 600 commercial fish farmers, input suppliers and the buyers of farmers' fish production.

WISHH has also worked on aquaculture projects in Cambodia and Tanzania. Development of these emerging markets is part of U.S. soy's long-term market expansion vision. The in-country work done by WISHH today will, we hope, pave the way for deeper inroads for U.S. soy in these regions.

Congressional Action

The long-term success of U.S. soy abroad would not be possible without the foresight of Congress to create programs at USDA to assist trade associations in promoting our products on a global stage. ASA is a longtime cooperator of these programs, particularly the Market Access Program (MAP) and the Foreign Market Development Program (FMD). Utilizing MAP and FMD funds, ASA—through WISHH and USSEC—has leveraged those dollars to increase market access, address technical barriers to entry, and create on-the-ground capacity and demand for U.S. soy. These cost-share programs are an excellent example of public-private partnership.

Over the life span of these programs, however, industry funds have risen dramatically while funding from the U.S. Government has remained stagnant. Seventy-seven percent of total annual spending on market development and promotion now comes from industry dollars, which are up from just 45% in 1996.

While these programs have been greatly successful, it is concerning that government investment levels have remained mostly unchanged—even as the number of cooperators to these programs has increased. FMD has been funded at the same level—\$34.5 million annually—for 18 years, or since 1997, and MAP funding has been level at \$200 million since 2006. As we look toward the 2023 Farm Bill, ASA strongly support efforts to double these funding numbers to \$400 million for MAP and \$69 million for FMD.

Finally, ASA strongly encourages Congress to reauthorize Trade Promotion Authority (TPA). TPA is an important tool in the toolbox for the U.S. to engage in FTA negotiations. Ensuring TPA is in place will not only allow the President a chance to codify both the priorities of his Administration and Congressional intent in negotiating procedures, but also it will give assurance to our trading partners that there will be a straightforward procedure in the U.S. Congress for consideration of a final deal. We urge Congress to begin discussions with the Administration to move TPA reauthorization forward when Congress reconvenes in the new year.

Conclusion

Chairman Costa, Ranking Member Johnson, and Members of the House Agriculture Committee Livestock and Foreign Agriculture Subcommittee, thank you again for the opportunity to testify on behalf of U.S. soybean farmers regarding our

industry's priorities for international trade policy. As you have read throughout my testimony, continued market access and expansion is the lifeblood of the American soybean grower. Through sound trade policy and actions by the U.S. Government, U.S. soy farmers will continue to grow high-quality soybeans to meet the increasing demands of the global economy and remain a positive contributor to our U.S. economy.

The soy industry stands ready to work with the Committee and Subcommittee, Congress, and the Biden Administration to implement a trade policy that is beneficial to American workers, consumers and farmers. Thank you.

The CHAIRMAN. Thank you very much, Mr. Scott, for your focused testimony, and, as we begin to set the table next year for the reauthorization of the farm bill, your comments, and Mr. Stenderup's comments, as it relates to the Market Access Program, and the success that we have had, I remember back in 2008 and 2010, as we try to expand its efforts. And so certainly I think there are opportunities here, and I think it was timely for you to note them in your testimony.

We have now gotten to that part of the hearing where Members will be allocated 5 minutes, as I said earlier, alternating between Republicans and Democrats, to make comments and ask questions. And I will take the prerogative of the Chair to begin, and to use my time to ask some questions and make comments that I think you posed by the testimony you have given.

Mr. Stenderup, you talked about the unique challenges of specialty crops, which we in California, as you know, like to think we do as well as anyone in the world, but what unique challenges do you see, in terms of trade, that we can better focus our efforts to maintain a competitive edge? Mr. Kent, are you there?

Mr. STENDERUP. Yes, I am, Chairman Costa, and thank you for the question. Specialty crops have a unique challenge, and they are—I am not going to say up against the program commodities, but that is basically what it is, particularly when it comes to MAP funding. And since you almost asked me, I too believe we should double the MAP funding from the—I believe it is at \$200 million now, and it should be easily—it could be utilized at \$400 million, and I truly believe that.

The unique challenges for specialty crops are there are just so many specialty crops. They don't have the infrastructure themselves to promote and distribute like the program crops, the larger commodities. So we have had, with Sonny Perdue, and then we have had good experience now also with the current Administration as far as recognition of specialty crops.

The CHAIRMAN. Let us keep that thought in mind as we proceed with the reauthorization next year, and build a coalition of support for that effort. Mr. Vander Woude, you have, in your testimony, talked about the importance of our trade agreements, not just with our neighbor to the south, Mexico, but also with Canada, the challenges we have had with dairy exports. Mexico, of course, is one of the larger importers of white cheese, and of course as was noted, our periodic problems with Canada. I am thinking there is an opportunity here, though, and it has always been a challenge, with European Union. How do we get past the inclusion of geographical indicators in trade agreements between the EU and other trading partners that impact our dairy industry?

Mr. VANDER WOUDE. So, yes, it has been a common practice of the EU to use GIs in a lot of their free trade agreements, which, in effect, just locks us out by the products that we produce here in the U.S. with what we consider to be common food names. They get those locked out in so many other countries that we lose access to those countries with those products. And if you take gouda, and you try to sell it as a garma cheese or something, nobody is going to know what it is. They all know it is gouda. They all know that it is brie, or whatever. And so it has been a common practice of the EU to slap those into their free trade agreements with other countries.

The CHAIRMAN. Well, in another capacity I work with members of the European Union, and I am suggesting that maybe we look at getting their—our counterpart of the committee jurisdiction in the European Parliament to meet with ours to really see if we can get past the politics, and work through some of this.

Ms. Redhouse, you mentioned in your testimony that some long-standing policy and administrative problems need to be remedied for Native producers to be able to have access to international markets. I assume that is why you are in Doha. Do you have anything specific you want to talk about to that access?

Ms. REDHOUSE. Yes, definitely. So one of the biggest hurdles—but I also should start off with echoing Kent's and Simon's deep appreciation for the Market Access Program. As a recipient of MAP, it has been really helpful in increasing our visibility with different international markets. But, what we are trying to advocate on behalf of our constituents is to increase Tribal producers' presence on the world ag stage, and some of our producers do have trouble with meeting different regulation requirements, or different labeling requirements. It is a huge hurdle to cover costs for a lot of those specific activities, and so I think most often our producers find that as just one of the biggest challenges to enter the international marketplace.

The CHAIRMAN. Thank you. Two of the previous witnesses made reference to the Trans-Pacific Partnership, and I think that was a missed opportunity, and suggested that we reconsider re-engaging with the TPP. Are your organizations prepared to support that effort formally?

Mr. VANDER WOUDE. Dairy is willing to support that, definitely.

The CHAIRMAN. Mr. Stenderup?

Mr. STENDERUP. Yes, I agree with the re-inventing of the TPP also.

The CHAIRMAN. Thank you. Well, my time has expired, and I will recognize my colleague from South Dakota, Mr. Dusty Johnson, for 5 minutes.

Mr. JOHNSON. Yes. I will ask the same question to Mr. Scott, Ms. Sorenson, and Ms. Vander Woude, and they can respond in that order with about 45 seconds or less apiece, if they could. First off, I just want to know, for your products, where do you think the best opportunity for expanding market access via free trade agreements would be? And then secondarily, if there is a particular marketplace where you feel like producers have been disadvantaged because countries in Europe or Asia have not stood still, they have advanced free trade agreements with other marketplaces, and as a

result, America is at a relative disadvantage, talk to us about what those marketplaces would be. So, Mr. Scott?

Mr. SCOTT. Well, yes, expanding those markets is critical, and we kind of figured that out when the tariffs hit from China, shut us down in that market, which was taking a huge portion of our export. We decided then that diversifying our basket, putting all our eggs in all—not in that one all—all one basket we are—was important, and—so we had been pushing hard to develop other economies and markets in the Asian continent, all over, African continent, even some of the European markets that we had been shut out of previously, we want to continue to push for those. So market access and development is critical for us.

Mr. JOHNSON. Is there one top priority you think USTR should be most focused on, relative to soybeans?

Mr. SCOTT. Well, soybeans are a fantastic supply of protein for especially protein-deficient countries, and so where there is a need for building human health, those are critical issues for us, and we want to supply that need.

Mr. JOHNSON. Ms. Sorenson?

Ms. SORENSON. Yes, thank you. I would start off by saying our U.S. exports into China are still faced with a 25 percent retaliatory duty, when our competitors are faced with only eight percent. Second, we support entering TPP, or CPTPP, if tariffs are reduced. So we are very passionate about entering into this trade agreement. It has significant market potential for U.S. pork producers, especially given the number of countries at the table, and the 50 million consumers that are part of the agreement.

So, yesterday's announcement on Vietnam was progress. That tariff will be reduced to ten percent, but CPTPP countries are at 7.5 percent, and will be reduced to 5.6 percent in 2022, putting U.S. pork at a disadvantage.

Mr. JOHNSON. Very good, thank you. Mr. Vander Woude?

Mr. VANDER WOUDE. Yes. I will say, for us, China is definitely—it is everyone's market. We have a 30 percent tariff rate quota there, compared to New Zealand at zero, so that is a big one. Vietnam used to be our largest customer for milk powders. Today we have been locked out of that country due to tariff rate quotas. Southeast Asia is our target, especially coming from the West Coast, for California dairies and American dairies, Asia is our target for trade agreements, and we have been—the TPP was something we worked very hard on, and we hope that can be resurrected at some point to at least gain access to some of those countries.

Mr. JOHNSON. So Southeast Asia is the most key market, Mr. Vander Woude, from a dairy perspective. Do we feel like the Administration has been proactive enough in advancing FTAs in that region?

Mr. VANDER WOUDE. No. No, not at this point.

Mr. JOHNSON. And then doubling back to Ms. Sorenson, I think you gave a great answer about China, and the disparate tariffs there. Are you getting much of a sense that we are making progress *vis-à-vis* reducing those retaliatory tariffs from China on pork?

Ms. SORENSON. The Phase One agreement and ASF has created a really large demand for pork around the world, but I continue to say the problem that needs a resolution is our trade retaliatory tariff of 25 percent on U.S. pork. Again, we face a 33 percent tariff, where our competitors face eight, and that is our biggest setback right now, as we look at the opportunity that we have in China.

Mr. JOHNSON. And so when pork talks to the Administration, do you get a sense that they have some urgency behind resolving that issue, ma'am?

Ms. SORENSON. No.

Mr. JOHNSON. Very good. Thanks, Mr. Chairman. I yield back.

The CHAIRMAN. The gentleman's time has expired. The Chair will now recognize the gentlewoman from Virginia, Abigail Davis Spanberger.

Ms. SPANBERGER. Thank you very much, Mr. Chairman, and thank you so much to our witnesses for being here today. This hearing is a very timely one, and so I am grateful for your testimony, and the answers to our questions. Across central Virginia I have heard from dairy farmers, cattlemen, livestock producers, small business owners, and families trying to buy a gallon of milk, and about the challenges that they are facing, day to day related to so many of the disruptions that we have seen in the supply chain.

One way that we know we can reduce supply chain bottlenecks is by supporting free and fair trade policies that protect American workers and businesses, and reduce the barriers of the flow of goods across the globe. That is why I was proud to work alongside my House colleagues, and the former Administration, to help secure bipartisan support, ultimately, for the passage of the USMCA last Congress. And so, as this deal continues to be implemented, I want to make sure that we are working to confirm that all parties are upholding their end of the deal.

And to that end, Mr. Vander Woude, I would ask a question of you first. Central Virginia is home to many dairy farms, and certainly they are facing significant challenges, as the industry is across the board. And I share your concerns related to the enforcement of the dairy provisions in that deal, and so my question for you is what more could Congress be doing to support the industry, and ensure that all parties live up to their commitments in that deal?

Mr. VANDER WOUDE. Yes, thank you for the question. The decision to—have a big impact, but for my counterparts in the Northeast and the Upper Midwest, it is a big deal. We strongly support the dispute settlement process, and we appreciate the bipartisan Congressional backing that ultimately led to that step. It is not only the enforcement area that we need to see action on, though. For instance, in Mexico, overly burdensome regulatory proposals threaten to disrupt trade. In Colombia they are weighing imposing higher tariffs that would derail our free trade agreement on milk powder exports, so this happens not just with Canada and Mexico, it is happening all over the place, and we appreciate the support we have gotten from the USTR office thus far, but we continue to need not only support, but action.

Ms. SPANBERGER. Okay. Thank you for that, and certainly I would love to follow up in the future if there are any other priorities or suggestions that your organization has into the future. I do have a second question for you, and ultimately for Ms. Sorenson. Mr. Vander Woude, in your testimony you mentioned supply chain challenges, and the need to pass the Ocean Shipping Reform Act. I am proud to cosponsor this bill. I believe, and I think broadly people agree, that it will do a lot to reduce port congestion. But beyond this bill, are there other actions that you would suggest that Congress be attuned to, or actions that Congress should be taking to contend with these supply chain bottlenecks? And, Ms. Sorenson, I would love to have your opinion on this question as well.

Mr. VANDER WOUDE. Yes. So there are some things that the Administration is considering, such as extending the—truck drivers—

Ms. SPANBERGER. Sir, you paused for a moment. You—heard extending.

Mr. VANDER WOUDE. That is all you got? Okay. Sorry, I am on hotel WiFi, extending the hours of operation for truck drivers extending the age limit for truck drivers down to 18—

Ms. SPANBERGER. Okay.

Mr. VANDER WOUDE.—if possible, extending weight limits—

Ms. SPANBERGER. From our infrastructure bill package—

Mr. VANDER WOUDE. Okay. Yes.

Ms. SPANBERGER.—and that pilot program. Yes.

Mr. VANDER WOUDE. Yes. Weight limits, and just a lot of—and then, here in California, we also have environmental restrictions at our ports that maybe could just be loosened for a little while, as we have lost access to a lot of equipment due to cancellations and that sort of stuff. We have had 60 percent cancellations in the last month. We are the largest exporter of milk powders in the world, and 60 percent of our loads got canceled last month, which strands equipment. So we have run out of people and equipment to export the products that we need to export.

Ms. SPANBERGER. Wow. Okay. Thank you. Ms. Sorenson?

Ms. SORENSON. Yes, thank you for the question. The supply chain disruptions, in particular the ports, are of grave concern to us. We do not want to be potentially viewed as unreliable trading partners. Trading relationships take a long time to form, and we want to deliver a product that has been ordered. So when we are shipping chilled pork, we do not want to have to freeze it down because of a backlog at the ports. I think it goes well beyond the port issues as well.

We are also seeing labor challenges throughout our farms, our packing industry, and transportation, and we continue to ask Members of Congress for an H-2A program that allows for year-round uncapped labor. So the challenges definitely extend beyond the ports, through the entire food supply chain.

Ms. SPANBERGER. Thank you so much, and Mr. Chairman, thank you for letting me go over a little bit. Thank you to our witnesses. And certainly, Ms. Sorenson, I hear you loud and clear on the H-2A visa portion. I think many of us on this Committee were strong supporters of the Farm Workforce Modernization Act (H.R. 1603),

and will continue to advocate for that bill's passage into the future, so thank you so much. Mr. Chairman, I yield back.

The CHAIRMAN. Thank you, Congresswoman Spanberger. The next Member will be Congressman Rouzer, the next Democratic Member will be Congressman Harder.

Mr. ROUZER. Well, thank you much. I have a million things on my mind that I could ask about and limited time, but let me bring up the subject that we have not talked a great deal about this morning, but I think is very important, trade promotion authority. Are all of our witnesses in favor of trade promotion authority?

Mr. SCOTT. Absolutely.

Mr. ROUZER. Anyone opposed? Let me ask you that way. So, that being the case, what priorities do you think should be voiced in the discussions between Congress and the Administration, assuming that those conversations are commenced at some point? Is there anything about the last trade promotion authority that needs to be modified or changed?

Mr. SCOTT. In my opinion, trade promotion authority is a critical thing that the President has in his back pocket, basically, and can further these free trade agreements. The Soybean Association has fought for TPA for many years, and for every Administration we do the same, so it is just something that is good for free trade.

Mr. ROUZER. Any other witness have a comment?

Mr. VANDER WOUDE. Yes. I think we would like to encourage that there is maybe a little more interaction between Congress and the Administration, that way nothing gets missed in the process.

Mr. STENDERUP. And also—possibly add that the positions that are still not filled, to get them filled, and certified, ratified, whatever you have, so we can get going on some of these things, particularly the supply chain challenges right now, and tariffs. Thank you.

Mr. ROUZER. Anyone else?

Ms. SORENSON. I would just say—I would agree with my fellow soybean, milk, and almond farmers on their statements. Thank you.

Mr. ROUZER. Thank you. Kevin, I am curious, what is the relative number of soybeans that go to China, as compared to other markets, such as Mexico and Europe?

Mr. SCOTT. So, 60 percent of the world's soybeans go to China, and from the U.S. it is 30 percent of our—one in three rows of our soybeans goes there, so it depends on how much they are getting, but Brazil is also the competitor, and they would supply that much also, or more. And so one in three rows is what we kind of consider.

Mr. ROUZER. I am curious, what is the potential of the African market for soybean exports? How much growth opportunity is there?

Mr. SCOTT. Well, we are working in Africa. WISHH, which is World Initiative for Soy and Human Health, is a group that works with ASA, and they are in Ghana currently, and there had been a 5 year project there developing their soy aquaculture, and poultry mission there. And we are—basically, WISHH starts the program. They get the country ready for actually knowing what a soybean is, how to use it, and how to improve their protein production, and ag production. Those kinds of things are all fantastic for human

health, and that is where we start, and then we have another marketing organization that takes over when it is a commercially viable business.

Mr. ROUZER. Ms. Sorenson, what has been your level—excuse me. What has been your level of involvement in USDA discussions as to how the Department plans to use the CCC funding set aside for African Swine Fever prevention and preparedness, and are you confident the funds will be put to the highest priority use? Bring us up to date on anything you may know there.

Ms. SORENSON. Yes. Thank you for the question. USDA has indeed shared their preliminary plans on how they plan to utilize the funds. We understand their top priority is to minimize the risk of African Swine Fever from moving into the mainland, which definitely aligns with the top priority of the industry, grave concern of African Swine Fever landing on our shores. We support utilizing those funds to enhance the capability of our National Animal Health Laboratory Network, increase the inventory of equipment for large animal depopulation and disposal in the National Veterinary Stockpile. This is a critical need for the industry. And we are confident that USDA priorities align with our priorities.

Mr. ROUZER. That is good to hear. Mr. Scott, real quick one back. When China cut everything off for soybeans, were there any other markets that you really made some headway with, or began to get a foothold in? And then my time has expired.

Mr. SCOTT. Well, sure. Thank you for the question. When China shut down our imports, it, of course, crashed our market, and so people become very interested in a cheap source of protein. And at that time, our prices were not very good, it wasn't great for U.S. soy farmers, but Egypt developed a fantastic soy aquaculture, so feeding fish. They would feed fish, and they were a big improvement in market. But also all the Asian countries, Taiwan, also Vietnam, just many others, took advantage, actually, of the supply of soybeans, and it developed a great market, and we have tried to foster those markets, and continue in them.

Mr. ROUZER. Thank you, I yield back.

The CHAIRMAN. Mr. Harder, your 5 minutes.

Mr. HARDER. Terrific. Thank you so much, Mr. Johnson, and thank you, Chairman Costa, for holding this hearing. It is great to see all our witnesses here today on such an important issue. As Chairman Costa knows well, the Central Valley that we both represent, our ag relies heavily on trade and exports to thrive. I mean, we are the fruit and nut basket not just of California, and not just of the whole nation, but of the world, and so we need to make sure that we are getting our products to market in order to make sure that we can continue to succeed.

I really appreciated the testimony from Mr. Vander Woude, that he shared. These supply chain challenges that we are facing right now just in the dairy industry are costing \$1 billion in additional expenses just in the first 7 months of this year. The neighbors that we have in the Valley simply can't afford that. So huge excitement to have this hearing talking about some of the situations at our ports, and I know we are working hard to make sure that we resolve those.

I would love just to hear a little bit more from Mr. Vander Woude. It is wonderful having California dairies represented, and it is great to see you, sir. I appreciated the tour of your dairy a few weeks or months ago, and walked away very impressed by your operation. I am very grateful for your hospitality, and thank you so much for your testimony today. I would love to hear a little bit more about some of the markets that you think Congress and this Administration could be focused on that were not focused on today. I know you mentioned a little bit in that testimony. What are the top priority markets for you and the dairy industry at this moment?

Mr. VANDER WOUDE. Yes. So I think once we pulled out of TPP last, recently we did make a deal with Japan last year, and we, as California, felt we got short suited in that one. We are large producers of butter and dried milk powder. When you have milk, you can either turn it into cheese, or you can turn it into butter and milk powder, and we make butter and milk powder, and we were locked out of that Japan free trade agreement. We want to make sure that as those—if those one-on-one agreements happen, all milk is included, and Japan was very strategic in blocking us. We didn't think that was a very fair way to go about it, so we need the full bucket of milk in any free trade agreement.

Obviously Southeast Asia from western ports makes a lot of sense. China's kind of the 500 pound gorilla in the room. We all know they are hard to deal with, but we need to keep working with them to try to find some way to get our products in there, and try to get at least closer to the advantages that New Zealand—where most of our products go today, and there is a lot more access for us there, if we can get some better access.

Mr. HARDER. Just to dive deeper on Japan, I saw a few hours ago that the Administration announced a framework for those discussions. I guess it is still a little early to see how that will develop, but what are your concerns if we do not continue to develop our dairy trade with Japan? What do you think are the implications, and are there things that we could be doing to be helpful, especially in light of this new framework?

Mr. VANDER WOUDE. Implications are just—I mean, it is all market access. For everybody around the world, we are all fighting for the same markets. Japan is one that makes a lot of sense for us, so obviously we want more access to that market. They can afford our products, they want our products, we would like to sell them our products. We are really good at making these things sustainably and efficiently. We need to get access to those—we have done everything we can at home. We need some help from our legislators, and trade ambassadors, and that sort of stuff. We have worked with—and we have been actively engaged in trade negotiations throughout the years, so we would like to continue to be there.

Mr. HARDER. Terrific. Well, thank you. Mr. Stenderup, same question to you. For our almond industry, what do you think are some of the biggest barriers that our almond industry is facing when it comes to market access, and how do you think Congressional programs, like the Market Access Program, or others, can help or achieve some of the trade objectives that you have?

Mr. STENDERUP. Well, you have heard that—by the way, Member Harder, you see I am wearing a red and blue tie today. You and I had that discussion a few—

Mr. HARDER. I love it. Absolutely.

Mr. STENDERUP. And that is very important today. I tried to interject a little earlier, almonds are faced with a 55 percent tariff into China. That is overwhelming. Our number one competitor, Australia, as a zero percent tariff. They have somewhat of a free trade agreement, and we are facing that, and China's a burgeoning market. As far as market access, their middle class is coming up, and what a great area for us to continue towards with our friends at USTR, and Congress themselves, working towards reducing something as ridiculous as a 55 percent tariff. Thank you.

Mr. HARDER. Thank you. I see I am out of time, but thank you so much for your comments, and I yield back to the Chair.

The CHAIRMAN. We thank Representative Harder for his good line of questioning, and the good job that he does representing the folks in the San Joaquin Valley. Kent, I am glad you noted the 55 percent surcharge with regards to almonds, or as we say *amonds*, because, given the current prices for almonds, that would make a big difference. I believe our next Member to be recognized is Representative Barry Moore from Alabama. Mr. Moore, are you there?

Mr. MOORE. Yes, Mr. Chairman, thank you, and Ranking Member Johnson, thank you for having this hearing today. Following up on Ms. Spanberger's question, there have been serious concerns with supply chain stability across multiple industries since the COVID-19 pandemic began. For any witnesses, what is the Administration doing that is working, and maybe even not working? If the Administration was represented here today, what would you suggest?

Mr. STENDERUP. I am sorry, who was the question directed at?

Mr. MOORE. Any of the—anyone.

Mr. STENDERUP. Okay.

Mr. MOORE. Any of the panelists. I just kind of wanted to open it—

Mr. STENDERUP. I would like to make one succinct comment. We don't want the foreign markets accustomed to functioning without U.S. products, whether it is just for a couple months or a part of a year. Now we are talking 2023 before things may return to normal? My goodness. They can forget about us quickly, and these—that—it is just that simple.

Mr. MOORE. So, Kent, what do you think—how do we get—how do we make our presence felt? In other words—I understand what you are saying. Once they get used to using another supplier, and they get the logistics worked out, it is tough to go back and use—and kind of re-establish those logistic chains. What do you suggest we do in the immediate to help you?

Mr. STENDERUP. We are faced with these demurrage charges and such, and these ships are going back empty. They are deadheading back because it is quicker and more profitable for them. Well, aren't we the United States of America? Let us pull the hammer on these people and fill those things. If we have available commodities, let us fill them up.

Mr. MOORE. Makes sense. Anybody else want to address what they would mention to the Administration if they were present today, kind of how we could—what we could do in Congress—the Administration to help?

Mr. VANDER WOUDE. Yes, I would follow up on Kent's comments, we can't wait. These are immediate needs. We need Congress to act, we need the Federal Maritime Commission to act. We need this Ocean Shipping Reform Act. We need to get creative. We need to think outside the box, and do things we haven't done before, whether that is mandating something with these international carriers. We all understand these are international carriers coming into our ports. We only have so much control over them, but let us exert any control we can to get our products on those ships, heading back to the Middle East, and heading back to those other countries.

Mr. MOORE. Thank you, son. Anybody else want to comment on that?

Mr. SCOTT. Well we certainly—excuse me.

Mr. MOORE. Go ahead.

Mr. SCOTT. Yes, currently, we ship about five percent of the soybeans we produce in the U.S. and export go in containers, and those containers fit the smaller markets that don't have the deep ports, so the large ships can't make it in with their bulk commodities, so it fits quite well that those containers can go to these smaller ports. And we have plenty of soybeans to fill those containers, so if we can get it figured out, that would be a fantastic—just go to along with the rest of your comments, that would be a fantastic way to fill those ships.

Mr. MOORE. Thank you. And with that, Mr. Chairman, I will yield back the balance of my time.

The CHAIRMAN. The gentleman yields back, and we thank him for his line of questioning, and the Chair will now recognize the gentleman from Illinois, Representative Bobby Rush.

Mr. RUSH. I want to thank you, Mr. Chairman. My question is directed to Mr. Stenderup. Mr. Stenderup, I was delighted to learn that Blue Diamond Growers is a co-op, with over 6,000 members in California. In your testimony you also mentioned that 90 percent of California's almond farms are multi-generational family farms, and I had an opportunity to discuss, in yesterday's hearing on the renewable economy—I, for one, believe that co-ops are critical for putting resources directly into the hands of overlooked populations, and are a critical way of stopping, and even reversing, the rapid decline in Black farmers. How many of the Blue Diamond growers are minorities? Can you discuss how Blue Diamond Growers have been able to help Black and Brown farmers?

Mr. STENDERUP. Thank you, Congressman Rush. I believe, as far as the minority aspect, and—majority of our membership are Caucasian. We do have numerous Indian Sikh farmers and Latinos. Not too many in the Black sector, but we are an open co-op for all membership, and that just happens to be the type of person—the family farms that grow for there. I appreciate you asking the question. Anything else?

Mr. RUSH. Yes. Will you please discuss the best practices Blue Diamond Growers use to help their members succeed, and specifi-

cally their multi-generational family farmers? I am also interested in whether or not using co-ops more in urban areas can [inaudible]—your best practices be applied to urban cooperatives.

Mr. STENDERUP. Well, the difference between an urban cooperative and a rural? Is that your question? We don't discriminate, as far as that goes.

Mr. RUSH. Specifically, you have a model, [inaudible]—and I am going to think outside the box in terms of your model. The co-op model, I believe, has some benefits to urban ag and rural ag, and I want to know do you agree? And urban farming is in its nascent stage—and should we be more interested in using the co-op model?

Mr. STENDERUP. I am a strong advocate of urban farming and urban co-op models, yes, whether it is neighborhood or to a larger extent. I am a strong advocate of that. We spend—we give our share of money, as far as urban ag education, on an annual basis too, bringing the farm to the urban areas. And, yes, a true advocate for that. And the co-op business model works well for families, and—whether it be urban or rural.

Mr. RUSH. Thank you. I want to switch my line of questioning, I have introduced H.R. 3625, the United States-Cuba Relations Normalization Act. Ms. Sorenson, do you believe that U.S. pork producers would benefit from increases in trade with Cuba? My state is a state that had a robust trade relationship with Cuba. Cuba contributed much to our trade negotiations—trade affairs, and I am interested in what is your opinion on normalizing the trade relationship with Cuba?

Ms. SORENSON. As an industry that exports to over 100 countries, and exporting nearly 25 percent of our production, broadening our export portfolio through FTAs and more market access into countries is a top priority for us, and we want access to as many markets as we can get. Without having read the language of your bill and your proposal, I would like to refrain from comment, but if it grows our export market in countries like Cuba, and in countries where the consumers love pork, and so many do outside of our shores, then we would be in support of that.

Mr. RUSH. Well, I have heard from a number of Illinois farmers, and they said that they are being hurt because of the restriction from trade with Cuba, that they are actually hurting, and their farmers are hurting, and their bottom line is suffering because of the restriction on trade with Cuba.

The CHAIRMAN. We thank the gentleman from Chicago for your comments. And I can't speak outside of California, but I know in various efforts in the past there has been an interest by California producers trying to participate in the Cuban market, and clearly it is a question that is well raised, and we thank you for, always, your participation. The next Member that the Chair will recognize is Mr. Randy Feenstra, the gentleman from Iowa.

Mr. FEENSTRA. Thank you, Chairman Costa, and Ranking Member Johnson. Trade is obviously a very key driver in Iowa's economy. As one of the top agricultural producing states in the U.S., it is important that Iowa's productive farmers have access to export markets. According to the data from the USDA, Iowa agriculture exports totaled more than \$11 billion in 2020. My constituents understand that trade is a lifeblood for U.S. farmers.

Ms. Sorenson, it is great to have you, as a fellow Iowan, before our Committee today. As you well know, my district represents one of the most productive hog productions in all of the nation. Your testimony speaks to the point that trade access is important not only for our producers in Iowa, but across our country. The top export markets in U.S. agriculture, Canada, Mexico, China, the European Union, Japan, account for about 60 percent of the total value of our trade exports. Agreements negotiated by the Trump Administration, such as the U.S.-Japan Trade Agreement and the U.S.-China Phase One Agreement sought to update the trade policies in these export markets. Ms. Sorenson, can you share how these agreements have benefitted the U.S. pork market, and then also, are there any outstanding issues that we would like to bring forward to see from the Biden Administration?

Ms. SORENSON. Yes. Thank you for the question. The ratification of USMCA, the agreement with Japan, the Phase One deal with China, despite still having a 25 percent retaliatory tariff, have all been really helpful, getting the U.S. pork industry back on its feet after 3 years of trade retaliatory tariffs, and a COVID pandemic that disrupted the global food supply chain.

Circling back to our top priorities, we want in to CPTPP. There is huge opportunity for us to be a part of that, given the 500 million consumers that are part of those countries, and the number of countries that want to be a part of that trade agreement. We want a level playing field, and we also think it is important to be a part of setting agricultural base standards across the world. Growing market access through—and free trade agreements in a large portfolio of countries is what Iowa and U.S. pork producers need to survive and grow our rural and U.S. economy.

Mr. FEENSTRA. Right. Thanks for those comments. When I met with a representative from Taiwan, I heard that China is spreading disinformation about the U.S. pork products, such as ractopamine in the pork. Ms. Sorenson, can you share how these non-tariff barriers prohibit market access, and any updates on the U.S. efforts to explain the safety of ractopamine's use?

Ms. SORENSON. Yes. I mean, I ractopamine is a FDA approved feed additive that producers have been using for decades. It is a technology, production management tool, and innovation, like many, that U.S. pork producers utilize on their farms. I think this circles back to the key point about that we need to be at the table as part of these agreements—to be engaged in the conversation, be able to set agriculture science-based standards for exports and trade agreements across the world. Things like banning an approved feed ingredient are not good for the competitiveness of U.S. farmers, in particular pork producers.

Mr. FEENSTRA. Thank you. And one more question. I am so passionate about the fear of African Swine Fever in the U.S., and especially in the hog market, because I think this would decimate our export market. Do you see—is there anything that we can do? Because this would be catastrophic economically to our nation, and to, obviously, the State of Iowa. Is there anything that you see from the export side, or anything that we should do from policy side to address or be stronger when it comes to African Swine Fever?

Ms. SORENSON. Absolutely. A third of our hogs are tied to exports, and if we had ASF in the U.S., our exports would stop on day one. It would be absolutely devastating. We have to have Congress, working with the Administration, to support and fully fund the NAHLNs Lab. Our APHIS veterinary staff needs strength, needs funding. Our CBP agents, and our K9 teams, protecting our borders, and things like investing dollars for more signage at passenger terminals. Anything we can do to support our ports and our borders.

Mr. FEENSTRA. Thank you, thank you, and I yield back.

The CHAIRMAN. One moment. Let us go now to Mr. Bacon from Nebraska.

Mr. BACON. Thank you, Mr. Chairman, and thanks to the Ranking Member. I appreciate the spirit of which both of you lead this Subcommittee. But, I would like to highlight, and it may have been highlighted—by the way, I had an ambassador visit, so I had to turn off for a bit. I had to speak on the floor, so I hope I am not duplicating comments here, but I may. But I did want to point out that, when it comes to the oversight within the Agriculture Committee, I don't know that we have done any oversight with anybody from the Agriculture Department. I would like to encourage the Majority to do so. And almost all of the committees have not done that in Congress, with the exception of the HASC, the Armed Services Committee, and the Intelligence Committee, and so I just respectfully request that our Committee do that. There is—I mean, there are things that we need to get the Agriculture Department—the leadership here and ask them about.

Second, I would like to point out too that, up until last month, the President has not mentioned trade at all. He has been silent on this. In the last month he has started to, but I think it should be a higher priority for this Administration. Nebraska is an export state, and we need President Biden to open up doors for our protein and grain products there, so I wanted to point that out as well.

So my first question is really to Ms. Sorenson and Mr. Scott. How are we doing with the Phase One deal with China? Is China meeting their agreement? We will start off with Ms. Sorenson.

Ms. SORENSON. I was going to say, I guess I will take a run at that. The China Phase One, and having ASF sadly ravage the pork industry in China, has indeed created a very large demand for pork around the world, and an opportunity for the U.S. pork industry. The problem remains that we need a resolution to the trade retaliatory disputes with China, so we are still faced with a 25 percent retaliatory tariff, totaling 33 percent tariff. Eight percent for the most favored nations, an additional 25 percent placed on U.S. pork producers. We need to have a level playing field, and be able to take advantage of the opportunity that we have with China.

As long as those tariffs remain in place, we are at a significant disadvantage to other nations supplying pork into the country. And, they are increasingly seeking pork imports, because at least $\frac{1}{3}$ of its production has been impacted by African Swine Fever.

Mr. BACON. Thank you. Mr. Scott, what about the soybean side of this?

Mr. SCOTT. Yes, it—of course, Jen's comments are appropriate. Most of our soybean imports into China go to feed hogs, and when

they had African Swine Fever, there was not a big need for them to import soy. So they put tariffs on, and it was basically an artificial tariff for us, because they were not going to import soybeans anyway, and—but when they did start to—it—when there was a demand for soybean and hog feed in China, they somehow allowed those tariffs to go away on the soybean side. And we in the American Soybean Association would prefer to feed our chickens, and our hogs, and animals here, and then ship the meat to China, and so removing tariffs on the pork side would be fantastic for soybeans, and so we are for those reduced tariffs also.

Mr. BACON. Thank you. And, Ms. Sorenson, you mentioned a little bit about African Swine Fever, and the impact on the pork industry if it broke out here. Are we doing enough in the research area? What more should we be doing to fund research when it comes to combating this?

Ms. SORENSON. We will never turn down funding and a focus on agriculture research if it helps us strengthen our borders, and helps producers prevent and plan for an ASF outbreak, or any FAD outbreak in the United States. Again, it would be devastating to farmers in the entire rural economy if we were faced with a foreign animal disease, including our friends in corn and soybean that supplied us—supply us feedstuffs.

Again, would be devastating, and prevention, planning, preparation, and research would tie into being able to help producers seek the best methods, including depopulation, and funding our veterinary stockpiles, and funding our veterinarians over at APHIS—is also critical.

Mr. BACON. Thank you. I would like to ask you about foot-and-mouth disease vaccine, but I—it was my initiative, but I am going to be out of time, and I hope this—becomes operational this year and that we could see the positive results of this vaccine bank.

Ms. SORENSON. Yes.

Mr. BACON. But with that, I yield back.

The CHAIRMAN. The gentleman yields back, his time has expired, and the Chair will recognize the next Member on the Subcommittee, but I want to let those Members and staff members that are participating remotely—that we are about to conclude the hearing, so, for Members who have maybe missed their opportunity, this is going to be near your time. I want to recognize Representative Jim Hagedorn from Minnesota for your 5 minutes.

Mr. HAGEDORN. Thank you, Mr. Chairman, Ranking Member, I appreciate it. I thank the witnesses for being here. Under President Trump, I thought some of the things we did right for agriculture—we would try to reset some of the basic principles to help our farmers. Lower taxes, get rid of some regulations that lowered cost of production, have energy independence, which kept the price of fuel, and electricity, fertilizer, everything down, and then trying to reset some of these trade deals that for a while maybe had gone too far, USMCA is a very good example. I think one of the trade deals that was very excellent. And, of course, China Phase One, and trying to do what we could there to reset that, when they were manipulating currency, and they were forcing technology transfers, stealing our intellectual property, and things like that.

I think for the main point of that, it was going the right direction. COVID hit, and there was a little bit of an issue there, but we are on the right track. What concerns me about the Biden Administration, and I think my colleague just mentioned it. I mean, up until just recently, the word *trade* hasn't even been in their vocabulary. They are really not working on this at all, and I am not sure exactly when they are going to get to it. Our Republican Members on this Committee have asked the Trade Rep, Kathleen Tai, to come by and talk to us about it, give us an update. She says she is not available until sometime next year. Well, ¼ of the Administration will be over by the time she wants to come up and even talk a little bit about trade.

So I will open this up to Mr. Scott and Ms. Sorenson. What do you think the Administration could be doing more right now to be a little bit more active in the trade area?

Mr. SCOTT. Excellent question. Of course, talking about MAP and FMD would be great. I think those things are critical to our success in other countries, but trade—needing to get the people in place that can actively work for ag's interest. And we need those positions so that we have something to bounce off of, as far as our conversations with the Administration, so that they can go out and forward the needs of trade.

I mean, critically, soybean industry focuses on trade. We have to, and that—we are pretty good doing it ourselves. We work in other countries, but there is also a definite need for the Administration's help in getting access to certain markets, and playing fair. And I know Jen has brought up the scientific data that is used, or the non-scientific data, basically to put up artificial barriers to us, and those things need to be addressed constantly, because there is considerably a lot of time spent in foreign countries coming up with ways to inhibit our exports from the U.S. So we definitely need an engaged Administration.

Mr. HAGEDORN. Before Ms. Sorenson answers—and a lot of that takes—it takes a lot of work. They have to get together, and negotiate, and we have to pound on them and make those agreements, and I am just not seeing the work. That is the sad thing. Ms. Sorenson, what is your perspective on trade, and what the Administration has been up to so far?

Ms. SORENSON. I would start off by saying we are thankful for the Administration's engagement in Vietnam and the Philippines. We have had our eyes on these markets for years, and so increasing market access into those countries will be very beneficial for U.S. pork producers. Consumers in those countries love pork.

I go back to the need to join CPTPP. That would be an immediate opportunity to look at for U.S. agriculture and U.S. pork. Again, 500 million consumers, part of those agreements, and we need a level playing field getting into those countries. Protection against African Swine Fever, and just always growing our portfolio through free trade agreements, and more market access to countries across the globe. I think we could do—we can produce pork sustainably here in the United States. We can produce a quality product, and a safe product, at a great cost, and we need to take advantage of that to grow our rural and U.S. economy.

Mr. HAGEDORN. I appreciate that. I mean, our farmers are the most productive and efficient in the world. I grew up on a family farm in southern Minnesota. Farming has changed a lot since then, you do terrific work, but we have to find these markets, and we have to have these agreements, in order to make sure that our independent and other farmers are going to remain in business, and our communities can remain vibrant. With that, Mr. Chairman, I will yield back. Thank you.

The CHAIRMAN. The gentleman yields back, and I think from the testimony we have received this morning, there seems to be a consensus that we ought to take another look at rejoining the Trans-Pacific Partnership. And, for those of us who felt we shouldn't have left in the first place, I think we ought to do what we can on a bipartisan basis to urge that to happen under conditions that would be acceptable to us, obviously.

And, I am just reminded that China—that the President had an extensive discussion yesterday with President Xi. For this Administration, like the previous Administration, like the Administration before us is always a challenge, because China is an adversary, China is a competitor, and China is also an immense market opportunity. Every Administration that has had to deal with China, that likes to be a part of the world trade effort, but not always follow the rules required, makes it perplexing for any Administration to do so, but we must, for all the reasons that I just described. I think the welcome news today, with this new initiative with Japan, will create more opportunities.

With that said, our next Member is Representative Jahana Hayes from Connecticut, and then followed by Delegate Plaskett from the U.S. Virgin Islands, and, if the Chair does not hear any other Members that are in queue, we will bring the hearing to a close. So, Representative Hayes from Connecticut?

Mrs. HAYES. Thank you, Mr. Chairman, for holding this hearing. I have been hearing from Connecticut producers about cost increases and operation impediments caused by global supply chain disruptions. For some, this has become so burdensome that they are contemplating closing their doors permanently. That outcome, if widespread, would be disastrous for my state, because we have many small family farmers. I am glad we have a chance to explore this further today.

Generally, trade policy is extremely important to Connecticut agricultural producers. According to the latest available data from the United States Trade Representatives, Connecticut exported about \$248 million in agricultural goods, mainly to Asia and Europe, in 2017. Given that my state has a substantial dairy industry, I am extremely concerned about this issue.

So, Mr. Vander Woude, I was pleased to support the USMCA in last Congress, and was particularly glad to see that the deal opened Canada to U.S. dairy exports. Since its implementation last year, how has USMCA affected dairy trade with Canada, and is Canada adhering to the dairy access agreement in the USMCA?

Mr. VANDER WOUDE. Well, as I said before, I don't think—they have changed their actions a little bit, but they have not fully acted on the agreements that were put forth in the USMCA, so we do ask that Ambassador Tai and the Administration call them to the

table, and ask for the hearing on getting resolution to that problem.

Mrs. HAYES. And I think this kind of ties together what Ms. Sorenson said, and the Chairman said. What export opportunities might U.S. producers be missing out on because the United States withdrew from the Trans-Pacific Partnership, and to what extent, if at all, would meat and dairy producers benefit if the U.S. were to join the CPTPP?

Mr. VANDER WOUDE. So, again, Japan obviously is a key market for us, but it needs to be a fully accessible market for dairy. As I said before, Vietnam used to be our largest customer, and we have been—we virtually haven't shipped—been able to ship anything to Vietnam because someone else got a free trade agreement there, and we had tariffs imposed on us, and that story just gets told over, and over, and over throughout the Middle East. We have done what we can to access those markets, but TPP would definitely be very, very big for the dairy industry.

Mrs. HAYES. And last, Mr. Vander Woude, you mentioned that exports drive growth and create jobs in the dairy industry. Can an increase in exports help strengthen the fluid milk supply chain?

Mr. VANDER WOUDE. Absolutely. I mean a rising tide lifts all boats, in dairy, we have faced the same labor issues that any other industry out there has faced. We have had a really hard time finding enough labor over the last couple years, and I am sure I am not alone with—as I talked to farmers across the U.S., they had the same issue, yes. I think we have a fairly secure dairy market here in the U.S., and our domestic supply chain is in very good shape. There were small issues last year, but, for the most part, we have the product. It was just a matter of getting it into a package, or getting it to a store. That was the problem. So I think our supply chain here in America is very good, and any export opportunities will only enhance that.

Mrs. HAYES. Thank you. And I will conclude my time the way I always do, just reminding everyone on this Committee, and all the stakeholders that, when we look at the challenges in the industry on a large corporate scale, just imagine how those challenges are amplified and exacerbated for small family farmers, or people who this is their only source of income, who don't have the revenue or the capital to continue through several bad years or bad seasons. So I just will continue to push on this Committee to make sure that any solutions to these problems that we develop does not leave any of those small farmers behind. With that, Mr. Chairman, I yield back.

The CHAIRMAN. I thank our colleague, the Representative from Connecticut, for her well-spoken comments as it relates to America's challenge, in terms of maintaining our agricultural competitiveness for farmers of all sizes, and I think that is an important note. And the Chair will now recognize I think our final Member to be participating today, and that is Delegate Stacey Plaskett from the U.S. Virgin Islands. Delegate Plaskett?

Mr. PLASKETT. Thank you very much, Mr. Chairman, and thank you to the witnesses for being here today, and having this conversation with us. This is a very important issue to me. I think that trade—it is interesting, being a Member of the Agriculture

Committee, but also being a Member of the Ways and Means Committee, trade policy and priority is something that I think quite often about, and so I wanted to ask some real questions with regard to that.

Ms. Latashia Redhouse, I have a question for you. In my home district of the U.S. Virgin Islands, we are particularly cognizant of climate change, given our vulnerability to the devastating environmental impacts that it has. Do you have any recommendations on how to implement sustainable agricultural policies, while ensuring we provide support to our small business professionals?

Ms. REDHOUSE. Yes, definitely. As you mentioned—and I appreciate the question. As you mentioned, the smaller farmers and producers—raising [inaudible] capital—has been one thing that we have been exploring, and really trying to advocate on behalf of our constituents, and we have been trying to really push the—share the whole aspect of regenerative agriculture, and then also inclusion of the traditional ecological knowledge to help support our land stewardship. That has actually played very well in our communication with the EU, Japan, the Middle East, in the way we are telling the story of the producers we represent.

And so, I think if there is a way that we can continue to elevate and support the producers on the ground that are really pushing for more sustainable and regenerative farming production type of methods, I think that is really important, and a good conversation we can have.

Mr. PLASKETT. Ms. Redhouse, I think that that is really fascinating. In the Virgin Islands, our small farmers have been utilizing methods for resiliency, combating drought, combating hurricanes, *et cetera*, for some centuries now, and I am sure, being Tribal lands as well, farmers are doing that.

I think it is important that we, as members of the larger agricultural community, Department of Agriculture, even Commerce gives them tools so that they can replicate this on a larger scale to farmers in other areas who may have similar issues, similar challenges, to utilize those skillsets as trading, exporting those skillsets to other farmers in other areas. I would be happy to work with you on that, and look to my staff reaching out to you to provide some support on that. Thank you very much.

As Chair of the House Agriculture Biotechnology, Horticulture, and Research Subcommittee, I am interested in ensuring that U.S. agricultural producers have those tools and innovations needed to farm successfully and sustainably, however, I understand discriminatory trade practices from our trade partners can limit exports of U.S. grown goods, which in turn limit growers' ability to adopt those innovations. Excuse me. I wanted to know if one of our witnesses would like to talk about the underlying problems, potentially, with China's regulatory process, and any recommendations to U.S. policymakers on how to address that?

Mr. SCOTT. I can attempt to—

Mr. PLASKETT. —answer that?

Mr. SCOTT. Sure, I can attempt to answer that. So the American Soybean Association, we talk to the people who are developing those new technologies in the seed area, and we discourage them from bringing anything to the market that has not been okayed in

our primary export markets. So the Chinese, the Europeans, the Mexicans, if they do not okay these new technologies that we use to further our sustainability on the farm, we encourage them not to put them on the market, because that would be a disruptive figure if they made it to market, and then got into the export channel.

So it is critical that we get some regulatory sanity in other countries based on science around our new technology. And that would help us greatly on the farm become more sustainable, and that is—that is what I am after on my farm. I want to continue my generational move towards maybe my grandkids, and their kids, having the ability to farm. And those new technologies are important to us.

Mr. PLASKETT. Thank you very much, Mr. Chairman, for the opportunity, and I yield back.

The CHAIRMAN. We thank the representative for her participation and her questions. And, Mr. Scott, having myself a third generation family farm from California, these non-trade tariff barriers that we find, in my view, raising itself through phytosanitary standards and others oftentimes are more of an excuse, or an attempt to leverage markets to limit the kind of fair, level playing field that we ought to be having with our trading partners is always seemingly an issue with different countries that we have to stay on top of, and focus, and try to make sure that we proceed with enforcement efforts when needed, so I appreciate your comment.

Before I make my final comments, I will recognize my colleague and friend, the gentleman from South Dakota, for any closing statement that he wishes to make.

Mr. JOHNSON. Mr. Chairman, this has been excellent, and I think we have seen tremendous common ground from the witnesses, as well as from Members on the Subcommittee on both sides of the aisle. Just to recap, I think we have heard about the tremendous importance of market access for all of these commodities we have been talking about. That is number one. Number two, we have heard that CPTPP would have a tremendous positive impact on American ag producers. Number three, we have heard that a more robust approach toward free trade agreements from this Administration would be helpful in advancing the cause of removing tariff barriers, as well as non-tariff barriers, which are so often—as you and Mr. Scott are talking about, are not science-based, and are flimsy pretenses toward protectionism.

The CHAIRMAN. Right.

Mr. JOHNSON. And then, finally, how important it will be to get Ambassador Tai here. Mr. Chairman, I know you are working on that, but if we are going to get a more robust push toward free trade agreements, this has to be something that will be done with Congress and the Administration working together, and I think Ambassador Tai's presence will be tremendously helpful. So thanks for your leadership in these areas, sir, and I yield back.

The CHAIRMAN. I thank the gentleman for his comments, and I think you did a good job in summarizing it. We are working to have Ambassador Tai address the House Agriculture Committee, certainly—or Subcommittee, but probably—I know the Chairman and the Ranking Member would probably prefer she address the

entire Agriculture Committee, and that is fine. But we need her engagement with us to determine how we can work together. We also need the Senate to confirm Elaine Trevino, who has been nominated almost 2 months ago, to make sure that the USDA has that person in place to represent American agriculture, in terms of these trade issues. I have worked with her for many years in the past, and know her to be a very strong advocate on behalf of agriculture.

And, as I have said before, this Subcommittee on Livestock and Foreign Agriculture will continue to focus on all of the above. This is but one of a continuing series of hearings that we will have on the issues of trade and the supply chain crisis that we are facing today. I think we have to really work on a bipartisan basis to do all of the above, both the short-term remedies to the problems with our supply chain challenges, that is impacting American agriculture, as well as other American industries, and also the longer-term issues that we can deal with, such as the legislation that our colleague and friend Congressman Garamendi is carrying that many of us are principal cosponsors of. And then, finally, obviously, the infrastructure package that the President signed earlier this week, I think, in the long-term as well, is going to expand capacity for our ability to move goods and products to markets where we can certainly compete, if it is a level playing field.

The situation, as I noted at the outset with Long Beach and Los Angeles, who would have thought that 40 percent of the container packages go through that one port? But they also—and I work with them—are having a higher utilization of traffic in the last 6 months than they had pre-pandemic, so you have to keep that in mind too, because there is a built-up demand. There has been a lot of savings by Americans over this pandemic period, and that pent-up demand is—we see resulting in part for a very—expansion of American consumers, which creates more demand, which also has other relation effects to the inflation that we are dealing with.

So it is a challenge, a challenge on multiple fronts. This Subcommittee has a responsibility to play a part, and a constructive part, helping to deal with the challenges that we are facing, and we will continue that work. So I want to thank the witnesses. I think your testimony was on point, and focused the Committee Members in areas where we can be constructive now in the near-term, as well as in the longer-term, when we look at the reauthorization of the farm bill. There were good comments as it related to the Market Access Program, and some of the other areas, and then we will continue to work with all of you.

And I want to thank the Members of the Committee, I want to thank the witnesses, and we have a lot of work to continue to do, but this brings this Subcommittee hearing to an adjournment, and I want to thank everybody. The Committee is now—oops, one moment. Under the Rules of the Committee, the record of today's hearing will remain open for 10 calendar days—I must say this, the magic words—to receive additional material and supplementary written responses from any witness to any question by a Member, as it is appropriate. So, without any objections, so moved. The Subcommittee is now adjourned.

[Whereupon, at 12:13 p.m., the Subcommittee was adjourned.]

[Material submitted for inclusion in the record follows:]

SUBMITTED LETTER BY SARAH GALLO, VICE PRESIDENT, AGRICULTURE AND
ENVIRONMENT, BIOTECHNOLOGY INNOVATION ORGANIZATION

November 17, 2021

<p>Hon. JIM COSTA, <i>Chairman,</i> Subcommittee on Livestock and Foreign Agriculture, House Committee on Agriculture, Washington, D.C.;</p>	<p>Hon. DUSTY JOHNSON, <i>Ranking Minority Member,</i> Subcommittee on Livestock and Foreign Agriculture, House Committee on Agriculture, Washington, D.C.</p>
--	--

Dear Chairman Costa, Ranking Member Johnson, and Members of the Subcommittee:

The Biotechnology Innovation Organization (BIO) is pleased to submit a statement for the record to the United States House of Representatives Committee on Agriculture Subcommittee on Livestock and Foreign Agriculture hearing entitled, Trade Policy and Priorities.

Introduction

BIO¹ represents over 1,000 members in a biotech ecosystem with a central mission—to advance public policy that supports a wide range of companies and academic research centers that are working to apply biology and technology in the agriculture, energy, health, and manufacturing sectors to improve the lives of people and the health of the planet. BIO is committed to speaking up for the millions of families around the globe who depend upon our success. We will drive a revolution that aims to cure patients, protect our climate, and nourish humanity.

Trade Policy and Priorities

BIO applauds the Subcommittee for examining trade policy and priorities to support agricultural producers, promote innovation, protect the environment and enable agriculture to combat climate change.

Because of bipartisan support, for over twenty years, the United States has successfully and safely led the world in the commercialization of biotechnology to enable more sustainable farming and industrial practices. These innovations reduce greenhouse gas emissions throughout agricultural supply chains, delivering environmentally friendly products and processes to the market and more nutritious offerings to all tables.²

Unfortunately, when major trading partners such as China, the European Union (EU), or Mexico, delay biotechnology risk assessments and approvals or intentionally malign technology, the global marketplace is reluctant to accept new technology due to potential impacts on global trade. The results are unfortunate, as producers in the United States and around the world are denied innovative tools to reduce emissions, sustainably increase production, and deploy climate-resilient technologies.

China

For more than a decade biotechnology regulatory policy in China has effectively limited U.S. farmer access to new biotechnology traits, and by extension worked counter to the interests of American farmers and American businesses. In response to these practices, the U.S. Government (USG) has repeatedly intervened with the Chinese Government. As a result, China has made multiple commitments to implement a transparent, predictable, and science-based biotechnology risk assessment system, both informally during multiple bilateral meetings and formally through the Phase One Economic and Trade Agreement (Phase One Trade Agreement) signed by both countries in January 2020. To date, however, there is no evidence that China has followed through on these commitments, as the system continues to be opaque and protracted, averaging over 8 years to secure an import approval for a biotech trait.

Chief among China's Phase One provisions is a commitment from China to complete regulatory review of biotechnology products within 2 years, on average, and to limit the scope of the regulatory review to the product's intended use, *i.e.*, feed or further processing. Of particular concern is the fact that nearly 2 years following

¹ <https://www.bio.org/>.

² <https://www.bio.org/letters-testimony-comments/bio-submits-comments-usda-highlighting-biotechs-role-tackling-climate>.†

Editor's note: references annotated with † are retained in Committee file.

the signing of the Phase One Agreement, Chinese authorities have yet to articulate how they intend to implement commitments made to the USG. While there is anecdotal evidence to suggest that process changes may have been enacted, there has been no official communication to seed technology companies or the USG regarding China's path to compliance.

European Union

For the first time in decades, there appear to be opportunities emerging within Europe to enable innovation. Both the Farm to Fork strategy and the European Commission's recent study on *New Genomic Techniques*³ point to the importance of innovation to achieving a more sustainable food system. However, significant risks remain as Europe's regulatory processes are fundamentally prejudiced to agricultural biotechnology. Nevertheless, we believe it is critical for the United States Government to proactively engage with like-minded countries and chart a path forward with the EU to enable science-based regulations for biotechnology tools and expand sustainable agricultural practices to achieve our shared climate goals. We applaud Secretary Vilsack's efforts to work with like-minded countries around the UN Food Systems Summit to launch the Coalition for Sustainable Productivity Growth.⁴ However, it is critical to also engage the European Commission to ensure that concrete measures are taken to enable a timely, predictable, and science-based approval process to enable innovation to fully address climate and food system challenges.

Mexico

More recent, but particularly worrisome, is Mexico's rapid dismantling of regulatory institutions and international commitments with respect to agricultural biotechnology. Despite recently confirming its commitment to North American trade through the U.S.-Mexico-Canada Agreement (USMCA), Mexico has become a major barrier to introducing new agricultural biotechnology products within North America.

At issue is the fact that COFEPRIS, Mexico's food and drug regulator, has been not maintained a science-based process for over 3 years. During this time, the queue of biotech products has grown to 25, with nearly all products far exceeding Mexico's 6 month statutory time limit. The Government of Mexico has offered no explanation for the delays nor provided any guidance to developers. We question Mexico's commitments to the USMCA and are highly concerned about the Government of Mexico's rejection of technology that has been proven to enhance the sustainability of agriculture.

Compounding matters, the Government of Mexico continues to make a series of troubling statements regarding imports of corn produced with biotechnology—explicitly stating that imports will be prohibited by 2024 and future approvals will be denied, and existing approvals will be revoked. The most recent example being a recent letter from Mexican President Andrés Manuel López Obrador to President Joe Biden⁵ that tied Mexico's actions on biotechnology to climate change commitments.

We appreciate U.S. Trade Representative Ambassador Katherine Tai and U.S. Department of Agriculture Secretary Tom Vilsack have actively engaged with the Mexican Government on these issues, however, we are increasingly alarmed as the Government of Mexico has yet to acknowledge U.S. Government intervention and articulate a path to compliance.

These actions are highly concerning and must be addressed at the highest levels of government.

Conclusion

A proactive trade agenda is needed to harness the latest science, enable U.S. producers to be competitive in a global market, sustainably increase production, and combat climate change. U.S. trade policy must be aimed at addressing existing barriers to biotechnology and facilitating regulatory approvals for critical technologies.

BIO is committed to working with the Subcommittee to address these barriers to foster the rapid development and deployment of agricultural biotechnology to help American agriculture meet the challenges of the 21st Century. We look forward to our continued partnership in this critical endeavor.

Sincerely,



³ https://ec.europa.eu/commission/presscorner/detail/en/ip_21_1985.†

⁴ <https://www.usda.gov/oce/sustainability/spg-coalition>.

⁵ <https://www.gob.mx/presidencia/documentos/carta-al-presidente-de-estados-unidos-joseph-biden?idiom=es>.†

SARAH GALLO,
Vice President, Agriculture and Environment,
Biotechnology Innovation Organization.

