



**Written Testimony Of
National Pork Producers Council President David
Herring**

On

**The State of the Livestock and Poultry Economies
United States House of Representatives Committee
on Agriculture**

**Subcommittee on Livestock and Foreign
Agriculture**

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Introduction

NPPC is a national association representing 42 state producer organizations. It represents the federal policy and global interests of 60,000 U.S. pork producers. The U.S. pork industry is a major value-added component of the agricultural economy, and a significant contributor to the overall U.S. economy. In 2018, pork producers marketed about 124 million hogs, and those animals provided total cash receipts of more than \$20 billion. Overall, an estimated \$23 billion of personal income and \$39 billion of gross national product are supported by U.S. pork.

The U.S. pork industry provides 26 billion pounds of safe, wholesome and nutritious meat protein to consumers worldwide. Exports are vital to the livelihoods of America's pork producers. New technologies have been adopted and productivity has been increased to maintain the U.S. pork industry's international competitiveness.

Exports of pork add significantly to the bottom line of each pork producer and support approximately 110,000 jobs in the U.S. pork and allied industries. In 2018, U.S. pork exports totaled 5.3 billion pounds – valued at nearly \$6.4 billion. That represented over 25 percent of U.S. production, and those exports added more than \$51 to the value of each hog marketed with the average price received for a market hog in 2018 being \$141.

However, despite significant growth in the U.S. pork industry, it's facing numerous challenges both domestically and abroad, including a serious labor shortage on U.S. farms, punitive, retaliatory trade tariffs, efforts to combat African swine fever and other animal diseases, and ensuring proper oversight over gene-edited livestock.

Trade Disputes

One of the most damaging threats to the U.S. pork industry has been the punitive, retaliatory trade tariffs that China and other countries have imposed. Mostly because of trade agreements, the United States is the leading global exporter of pork. We ship more pork to the 20 countries covered by trade agreements than we do to the rest of the world combined. That's why NPPC has and will continue to devote so much focus to expanding export opportunities.

As a result, U.S. pork is an attractive candidate for trade retaliation. America's pork producers – and many other farmers – are experiencing such reprisal now. After more than a year of trade disputes impacting some of U.S. pork's most important markets, we saw overall exports stagnate. The value of exports dropped one percent in 2018; volume was flat. We have been squarely focused for more than a year on influencing the administration to end these disputes, and to go on the offensive to negotiate new trade agreements in markets promising major growth opportunities for U.S. pork producers.

The U.S. pork industry had the dubious distinction of being on three retaliation lists over the last year: China and Mexico related to U.S. actions under Section 232 of the Trade Expansion Act of 1962 and China in response to U.S. tariffs imposed under Section 301 of the Trade Act of 1974. While Mexico's tariffs on U.S. pork tariffs have been lifted in response to the U.S. lifting its North American metal tariffs, China's 50% retaliatory tariff on U.S. pork – on top of the existing 12% duty on U.S. pork – remains. China is the largest producer, consumer and importer of pork in the world but, at a 62% tariff rate, U.S. pork producers are losing \$8 per animal, or \$1 billion on an annualized, industry-wide basis because of the punitive tariffs it faces.

China holds more potential than any other market in the world for increased U.S. pork sales. There is an unprecedented sales opportunity for U.S. pork producers in China as that country continues to battle the spread of ASF and experiences a major reduction in domestic production. Were it not for the retaliatory duties on U.S. pork, we would be in an ideal position to meet China's need for increased pork imports and single handedly put a huge dent in the U.S. trade imbalance with China too. Instead, this trade opportunity is fueling jobs, profits, and rural development for our competitors. We seek an end to the trade dispute with China and the restoration of more favorable access to the world's largest pork-consuming nation.

NPPC is also deeply concerned as we helplessly watch the EU and the CPTPP nations take market share away from us in Japan, our largest value export market. We are going to continue to hemorrhage market share unless we quickly get the same market access our competitors have in Japan. We know the administration is engaged in trade negotiations with Japan, but those negotiations can't move quickly enough as far as we are concerned.

Additionally, pork producers are eager to see ratification of the US-Mexico-Canada (USMCA) trade agreement. The USMCA agreement preserves zero-tariff pork trade in North America. Under the terms of our previous agreement with our North American trading partners, Mexico and Canada became our No. 1 and No. 4 export markets, respectively. In fact, those two countries account for more than 40 percent of all U.S. pork exports, and support 16,000 U.S. jobs. We look forward to congressional ratification of this agreement.

Meantime, NPPC continues to advocate for Thailand to eliminate its de facto ban on U.S. pork, based on unwarranted trade barriers erected to protect its domestic industry and that lack scientific grounding. If Thailand does not open its market to U.S. pork, it should lose its benefits under the U.S. Generalized System of Preferences.

African Swine Fever

In addition to trade issues, pork producers are fighting another battle when it comes to preventing the spread of African swine fever, or ASF. The risk of ASF, an animal disease affecting only pigs and with no human health or food safety risks, is growing as outbreaks continue in Europe, China and other parts of Asia. We can all agree that we need to keep this deadly disease out of the USA. NPPC has been very active in driving awareness of the disease and how to mitigate its risk within the industry.

NPPC has been actively advocating at USDA and with the U.S. Customs and Border Inspection for strengthened biosecurity at our borders. To date, USDA and U.S. Customs and Border Inspection have increased and provided more robust inspections, in addition to working with Canadian and Mexican officials on a North American coordinated approach to ASF defense, response and trade maintenance.

We are encouraged by efforts to date, but more can be done. NPPC is requesting appropriations funding for 600 additional U.S. Customs and Border Protection Agricultural Inspectors at our borders, bringing the total number to 3,000. The most likely path for a foreign animal disease to enter the country would be through the importation of infected animals or contaminated products.

We are also pushing U.S. Customs and Border Protection to work with shipment companies to strengthen safeguards against illegal product shipments and advocating for the maintenance or increase of airline ticket and cargo fees to help fund the increase in inspectors.

Farm Bill Implementation

Congressional efforts on strengthening our borders to prevent animal disease prevention have been helpful. The 2018 Farm Bill, signed into law in December 2018, contained language championed by NPPC to establish permanent, mandatory funding for animal disease prevention and preparedness efforts. The bill also funds the Market Access Program and the Foreign Market Development Program that support export markets for U.S. farm goods. Animal Disease Prevention and Management provisions include \$150 million of mandatory funding, with secretary discretion for additional funding across the development of a Foot-and-Mouth Disease (FMD) vaccine bank, the National Animal Disease Preparedness and Response Program and the National Animal Health Laboratory Network.

An FMD vaccine bank is needed to quickly contain and eradicate an outbreak, which would immediately close all export markets to U.S. meat. The U.S. pork industry fought hard to secure funds to buy vaccines to protect animal well-being and farmers' livelihood from the very real FMD threat facing the industry today. The 2018 Farm Bill directed the Secretary to "prioritize the acquisition and maintenance of sufficient quantities of FMD vaccine." The U.S. Department of Agriculture (USDA) must utilize the funds provided by Congress to carry out its intent to help safeguard rural economies and the livestock sector.

NPPC is monitoring USDA's implementation plans closely and will continue to push for this implementation, one that will significantly strengthen our ability to quickly contain an outbreak of FMD which, unlike African swine fever (ASF), can be controlled with vaccine.

Labor Shortage

Another challenge that the U.S. pork industry is facing involves a serious labor shortage that undermines our commitment to the highest standards of animal care. Current visa programs widely

used by pork producers are not effectively addressing the issue. Without visa reform to support a sustained, viable workforce for U.S. agriculture, animal welfare is jeopardized, and production costs will increase, leading to higher food prices for consumers. In some cases, a shortage of labor could lead to farms and packing plants shutting down, causing serious financial harm to those operations and their communities. According to a study from Iowa State University researchers, the U.S. pork industry faces a constrained rural labor supply due to an aging native-born workforce and falling birth rates, making access to foreign-born workers a critical matter for the prosperity of rural America. Reform is needed to ensure that one of the most competitive U.S. agriculture sectors can continue to provide safe and affordable pork to consumers worldwide.

NPPC supports visa system reform that provides agricultural employers with sustained access to year-round labor. We support a bipartisan amendment from Reps. Henry Cuellar of Texas and Dan Newhouse of Washington State that would expand the H-2A program to non-seasonal ag workers. We support reform that establishes a legal and productive workforce, while not unduly burdening employers.

NPPC's focus is on support for H-2A program expansion and to move oversight of this program from the Department of Labor to the USDA, where livestock agriculture's needs are better understood. As currently defined, the H-2A visa program has limitations, since it applies only to seasonal ag workers. NPPC supports legislation that opens the program up to year-round livestock ag workers and is easier to navigate for employers.

Gene Editing

There is a brewing battle in our scientific laboratories over gene-edited livestock. NPPC recently launched a campaign, "Keep America First in Agriculture," to highlight the need to establish the right regulatory framework for gene-edited livestock, an innovation that promises to strengthen U.S. pork's competitive position globally. Gene editing technology, which introduces useful genetic variation into food animal breeding programs, promises significant animal health benefits, including a natural immunity to disease and a reduction in the need for antibiotic use.

While countries like Canada, Brazil and Argentina are moving quickly to grab a competitive advantage by establishing regulatory structures that support the development of this technology, the U.S. is running the risk of falling far behind as a result of a regulatory land grab by the Food and Drug Administration (FDA). Under FDA regulation, gene editing faces an impractical, lengthy and expensive approval process, threatening hundreds of thousands of jobs and nearly six percent of U.S. Gross Domestic Product. Additionally, the FDA's regulation inaccurately classifies livestock as drugs and farms as drug-manufacturing facilities, creating significant challenges for the international trade in animals and animal products.

That's why NPPC is working aggressively to establish oversight of gene-edited livestock on American farms with the USDA's Animal and Plant Health Inspection Service (APHIS), the agency best prepared to implement a regulatory framework that will allow us to realize gene editing's promise. The launch of our campaign received extensive media coverage and we plan to continue to advocate for policies that allow the U.S. to remain the global leader in agriculture.

Cell-Cultured Protein

Similar to gene editing, the FDA made a regulatory land grab on cell-cultured protein (CCP) despite the Meat and Poultry Inspection Act, which clearly indicates that CCP—produced from cultured cells taken from pigs and other livestock—should be under the oversight of USDA's Federal Safety Inspection Service (FSIS). Fortunately, on March 7, 2019, the FDA and USDA's Food Safety Inspection Service signed a formal agreement to regulate CCP on terms that ensures a level playing field.

USDA will have ultimate authority over product names, label claims and processing, while FDA will have oversight of the earlier cell collection and culture phases. It's critical that product names and label claims protect the investments livestock farmers have made to establish a definition of meat protein that is widely understood by consumers. Too many alternative products have been allowed to create consumer confusion at the expense of agriculture.

Proposition 12

U.S. hog farmers are battling Proposition 12, a California ballot initiative that passed in the 2018 election. It outlaws the sale of pork in California that doesn't meet its arbitrary and unscientific housing standards. Set to go into full effect for pork products on Jan. 1, 2022, it applies these regulatory mandates to not just the small handful of California pork producers, but across the entire pork industry operating outside of California borders. For pigs, Proposition 12 mandates that each sow be provided a minimum of 24 square feet of space, far beyond what most group housing systems currently provide. Further, it prohibits the sows – which are pack animals that naturally huddle together – from “touching another animal or the sides of the enclosure.” This ballot initiative, funded by anti-livestock agriculture activists, was developed without the input of any experts on raising hogs. Virtually no pork producer nationwide will be able to comply with California's production requirements without undertaking significant financial impacts.

As a result, Proposition 12 will dramatically reduce the supply of wholesome, affordable and nutritious pork available to the state, increasing the costs Californians pay for pork. California, the state with the nation's highest poverty rate, is now set to impose these costs on its most at risk citizens, including more than four million Californians who receive assistance for food purchases and the more than 18 percent of California children who live in poverty.

We need to put a stop to uninformed state mandates like Proposition 12 that impose arbitrary regulations on farms and other businesses outside of their borders.

Summary

Pork is one of the United States' most successful and competitive products. But, a handful of obstacles are preventing our farmers from realizing their full potential for their families, consumers and the American economy. Addressing these challenges will make U.S. hog farmers even more competitive, expand production, fuel job growth and contribute to rural communities across the country.