



Statement of the American Farm Bureau Federation

TO THE HOUSE COMMITTEE ON WAYS AND MEANS

**Biden Administration's 2022 Trade Policy Agenda
March 30, 2022**

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The American Farm Bureau Federation, the nation's largest general farm organization, submits this statement for the House Ways and Means Committee hearing on the Biden Administration's 2022 trade policy agenda. Trade is critically important to the current welfare and future prosperity of U.S. farmers and ranchers. America's farmers and ranchers depend on growing and stable export markets for the success of their businesses.

President's Trade Agenda for 2022

The Administration's approach on trade includes dealing with China; pursuing the Indo-Pacific Economic Strategy; supporting agriculture; reducing trade barriers; promoting sustainable environmental practices; focusing on supply chain improvements; and promoting stability.

The Indo-Pacific Economic Framework (IPEF) was introduced as a part of the overall Indo-Pacific Strategy. It is a strong start to improve relationships and reach agreements with the region's countries. It should also be used to reach science-based standards that will assist exports. The inclusion of sanitary and phytosanitary (SPS) standards will reduce barriers and expand opportunities for our agricultural exports.

The IPEF can be significantly improved. As released, it does not include a strategy of improving market access for agriculture by working to reduce tariff barriers. The Administration is also not proposing a reauthorization of Trade Promotion Authority nor a commitment to pursuing trade negotiations with binding and enforceable commitments. Farm Bureau supports trade agreements in the region as the most durable and effective means to improve market opportunities for farmers and ranchers.

Indo-Pacific Region Agricultural Trade

Current agreements in the region show the importance of moving forward with additional efforts to improve opportunities for U.S. agricultural exports.

U.S.-China Phase 1 Agreement

The U.S.-China Phase 1 Agreement has and will continue to result in real progress toward a mutually beneficial trade relationship. We are already seeing positive results for agricultural trade and substantial progress in the removal of barriers that impact the competitiveness of U.S. products in this important market.

In the Phase 1 Agreement, China committed to increase purchases of U.S. agricultural products. For 2020, China purchased over \$27.5 billion of U.S. agricultural products. In 2021, China purchased \$33.5 billion of U.S. agricultural exports.

While the purchase commitment has ended, the outlook for Chinese purchases of soybeans, corn, wheat, sorghum, beef, pork, and other products is forecast by USDA to be over \$36 billion in FY 2022.

China has also been addressing the commitments they made to improve and reform many standards in the Agreement. Long-standing barriers to the export of U.S. beef, pork, poultry, and other products have been or are being resolved, pursuant to the Agreement. As these barriers go down, the opportunity for increased U.S. commodity sales goes up.

Also helping our sales growth is China's granting, upon application by importers, waivers of their retaliatory tariffs on U.S. agricultural products, which were put in place in 2018 and 2019, with direct, substantial impacts on agricultural sales.

China is U.S. agriculture's number one export destination. As such, an ongoing trade relationship with China is critical for U.S. farmers and ranchers.

U.S.-South Korea Agreement

The U.S.-South Korea Free Trade Agreement (KORUS) entered in force on March 25, 2012. The agreement eliminated or reduced tariff and non-tariff barriers on agricultural and other products.

U.S. agricultural exports to South Korea reached an all-time high in FY 2021 at \$9.2 billion. The forecast for FY 2022 is \$9.8 billion.

U.S.-Japan Agreement

The U.S.-Japan Trade Agreement went into effect on Jan. 1, 2020. The tariffs applied to U.S. products are now the same as those applied to the products of the

other countries with a trade agreement with Japan. Tariffs are being reduced or eliminated on a variety of U.S. agricultural exports to Japan. The U.S. and Japan should continue talks on the remaining issues, such as SPS rules, which would help lead to a comprehensive FTA between the U.S. and Japan. The recent agreement on the operation of Japan's beef safeguard mechanism will help increase sales of U.S. beef products.

U.S. agricultural exports to Japan were over \$14 billion in 2021.

USMCA

The U.S.-Mexico -Canada Agreement is important for the continuation and improvement of trade among the nations of North America. Canada (\$24 billion) and Mexico (\$23.9 billion) are the second and third largest export markets for U.S. agriculture. The implementation and enforcement of this Agreement will yield future growth for our exports.

U.S.-United Kingdom

The U.S. and the United Kingdom (UK) have just reached an agreement to resolve the steel tariffs dispute between the two countries. This agreement will remove the retaliatory tariffs on U.S. agricultural products placed by the UK after the U.S. placed tariffs on UK steel and aluminum.

We support a resumption of trade negotiations between the U.S. and the UK to deal with non-science-based barriers to our agricultural exports.

Trade Promotion Authority

The Bipartisan Congressional Trade Priorities and Accountability Act of 2015 (Trade Promotion Authority) ended on July 1, 2021. Farm Bureau recognizes the crucial importance of Trade Promotion Authority and supports its reauthorization. The negotiating objectives set by Congress, the consultation requirements of the Administration with Congress and the voting procedures established under TPA are important to the successful negotiation and conclusion of trade discussions.

World Trade Organization

The Biden Administration will need to deal with various WTO reform issues such as the operation of the Appellate Body. For agriculture, we support working

toward increased transparency through an improved notifications process. We do not support discussion of subsidy levels without a full discussion of market access initiatives.

Sustainability

U.S. farmers and ranchers look to be partners in addressing the challenges of our changing climate. Not only are agriculture's emissions low, farmers and ranchers are taking active steps to make their footprint even smaller. This is best accomplished through policies that provide voluntary, incentive-based tools for farmers, ranchers, and forest owners to maximize the sequestration of carbon. This approach will also help achieve a reduction in greenhouse gas emissions; increase the resilience of the land; advance science-based outcomes and help rural economies adapt.

Conclusion

U.S. farmers and ranchers rely on export markets for over twenty percent of agricultural production. As Congress considers future discussions with the nations that are our most important export destinations, and those that have the potential to grow in importance, we need to consider how the proposed Indo-Pacific Economic Framework can most effectively expand agricultural exports to the benefit of U.S. farmers and ranchers.