

AGRICULTURAL PERSPECTIVES ON THE FUTURE OF THE USMCA

HEARING BEFORE THE COMMITTEE ON AGRICULTURE HOUSE OF REPRESENTATIVES ONE HUNDRED NINETEENTH CONGRESS SECOND SESSION

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WEDNESDAY, JUNE 10, 2026

HOUSE OF REPRESENTATIVES,
COMMITTEE ON AGRICULTURE,
Washington, D.C.

The Committee met, pursuant to call, at 10:00 a.m., in Room 1300, Longworth House Office Building, Hon. Glenn Thompson [Chairman of the Committee] presiding.

Members present: Representatives Thompson, Lucas, Scott, Crawford, Rouzer, Bacon, Bost, Johnson, Baird, Mann, Feenstra, Miller, Moore, Cammack, De La Cruz, Newhouse, Wied, Bresnahan, Messmer, Harris, Taylor, Craig, Costa, Adams, Hayes, Brown, Davids of Kansas, Davis of North Carolina, Budzinski, Sorensen, Jackson of Illinois, Gray, Figures, Vindman, Mannion, McClain Delaney, and Carbajal.

Staff present: Kristen Batstone, Justina Graff, Sofia Jones, Karrie Kirschenmann, Hannah Otte, Sam Rogers, John Konya, Britton Burdick, Daniel Feingold, Joshua Lobert, Olivia Olson, Emma Simon, and Jackson Blodgett.

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

The CHAIRMAN. The Committee will come to order. Welcome, and thank you for joining today's hearing entitled, *Agricultural Perspectives on the Future of the USMCA*. After brief opening remarks, Members will receive testimony from our witnesses today, and then the hearing will be open to questions.

So, once again, good morning, everyone, and thank you for joining us today at this important hearing to discuss U.S. agricultural perspectives on the future of the United States-Mexico-Canada Agreement, otherwise known as USMCA. To each of our witnesses, thank you so much for taking time out of your busy schedule to share your expertise with us. As we all know, USMCA is a tri-lateral trade agreement between U.S., Mexico, and Canada that entered into force on July 1, 2020. USMCA replaced the North American Free Trade Agreement, or NAFTA, but most importantly, it created a more reciprocal, balanced free trade agreement between our countries. As the agreement is up for review in July, it is more important than ever to talk about what USMCA means for U.S. agriculture. USMCA maintains tariff-free treatment for certain agricultural products while expanding market access for a range of U.S.-grown commodities. This has proven to be extremely beneficial, not only to our U.S. farmers, ranchers, foresters, and agri-

businesses, but also to U.S. consumers and the economy as a whole.

To get us started, I would like to share a few statistics that highlight those benefits. Economic models show that in 2024 alone, agricultural and seafood exports to Canada and Mexico generated \$149 billion in total economic contributions to the U.S. economy, supporting nearly $\frac{1}{2}$ million American jobs and generating \$36 billion in wages. Since USMCA took effect, Mexico and Canada have collectively purchased more than \$60 billion in U.S. ag commodities annually, accounting for roughly $\frac{1}{3}$ of all U.S. ag exports. Mexico and Canada together account for over 40 percent of all U.S. dairy exports by value, meaning that USMCA remains the most commercially significant trade agreement for the U.S. dairy industry.

For the U.S. forest product sector, Canada accounts for 39 percent of imports, and Mexico accounts for 24 percent of the export market. For fruits and vegetables, exports from the U.S. to Canada and Mexico reached over \$7 billion in 2024, representing roughly $\frac{2}{3}$ of all global U.S. fresh produce exports. Canada and Mexico together accounted for \$4 billion in exports in marketing year 2024 for the soybean industry. In 2025, U.S. meat and poultry exports exceeded \$23 billion, and exports to Canada and Mexico accounted for \$8 billion of that total. For agribusinesses, USMCA's provisions on things like sanitary and phytosanitary measures help ensure that legitimate health and safety rules do not become barriers to trade. A recent study by Purdue University also has found that North America trade agreements, including USMCA, have helped lower food prices for U.S. households, generating an estimated savings of \$700 per year. Now, these statistics and many others across the agriculture commodities prove why USMCA is so important to the U.S. ag industry.

Now, I must also recognize that there are provisions within USMCA that could and should be improved upon in the upcoming renegotiations. Canada's implementation of its dairy commitments on both the TRQs and export disciplines have not met the mark. U.S. forest product manufacturers continue to struggle under Chapter 10 Binational Panel review process. Reinforcing and building upon USMCA's labor requirements, biotechnology provisions, food safety standards, and registration approvals will be paramount. As we look to the coming months, I am confident that the U.S. Government will continue to work closely with industry experts and our trading partners to renegotiate and solidify this critically important trade deal.

Now I look forward to hearing from our witnesses today about the ways in which USMCA impacts their operations as well as what their suggestions are for improvements, so thank you again to our witnesses for being here today.

[The prepared statement of Mr. Thompson follows:]

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

Good morning, everyone and thank you for joining us at today's important hearing to discuss U.S. agricultural perspectives on the future of the United States-Mexico-Canada Agreement, otherwise known as USMCA.

To each of our witnesses, thank you for taking time out of your busy schedule to share your expertise with us.

As we all know, USMCA is a trilateral trade agreement between the U.S., Mexico, and Canada that entered into force on July 1, 2020.

USMCA replaced the North American Free Trade Agreement—or NAFTA—but most importantly, it created a more reciprocal, balanced free trade agreement between our countries.

As the agreement is up for review in July, it is more important than ever to talk about what USMCA means for U.S. agriculture.

USMCA maintains tariff-free treatment for certain agricultural products while expanding market access for a range of U.S. grown commodities.

This has proven to be extremely beneficial not only to our U.S. farmers, ranchers, foresters, and agribusinesses, but also to U.S. consumers and the economy as a whole.

To get us started, I would like to share a few statistics that highlight those benefit. Economic models show that in 2024 alone, agricultural and seafood exports to Canada and Mexico generated \$149 billion in total economic contribution to the U.S. economy, supporting nearly ½ million American jobs and generating \$36 billion in wages.

Since USMCA took effect, Mexico and Canada have collectively purchased more than \$60 billion in U.S. ag commodities annually, accounting for roughly ⅓ of all U.S. ag exports. Mexico and Canada together account for over 40 percent of all U.S. dairy exports by value, meaning that USMCA remains the most commercially significant trade agreement for the U.S. dairy industry.

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In 2025, U.S. meat and poultry exports exceeded \$23 billion, and exports to Canada and Mexico accounted for \$8 billion of that total.

For agribusinesses, USMCA's provisions on things like sanitary and phytosanitary measures help ensure that legitimate health and safety rules do not become barriers to trade.

A recent study by Purdue University has also found that North American trade agreements, including USMCA, have helped lower food prices for U.S. households, generating an estimated savings of \$700 per year.

These statistics, and many others across all agricultural commodities, prove why USMCA is so important to the U.S. ag industry.

Now, I must also recognize that there are provisions within USMCA that could and should be improved upon in the upcoming renegotiations.

Canada's implementation of its dairy commitments, on both TRQs and export disciplines, have not met the mark.

U.S. forest products manufacturers continue to struggle under the Chapter 10 binational panel review process.

Reinforcing and building upon USMCA's labor requirements, biotechnology provisions, food safety standards, and registration approvals will be paramount.

As we look to the coming months, I am confident that the U.S. Government will continue to work closely with industry experts and our trading partners to renegotiate and solidify this critically important trade deal.

I look forward to hearing from our witnesses today about the ways in which USMCA impacts their operations, as well as what their suggestions are for improvements.

Thank you again to our witnesses for being here.

With that, I will yield to the Ranking Member for any opening comments she'd like to make.

The CHAIRMAN. With that, I would now like to welcome the distinguished Ranking Member, the gentlewoman from Minnesota, Ms. Craig, for any opening remarks she would like to give.

OPENING STATEMENT OF HON. ANGIE CRAIG, A REPRESENTATIVE IN CONGRESS FROM MINNESOTA

Ms. CRAIG. Thank you, Mr. Chairman. Good morning, and thank you to our witnesses in advance for your testimony today. I look forward to hearing from you about the importance of USMCA, improvements that we can make during this review process and the

overall trade environment. I want to say up front that while I am happy to have a great group of witnesses before us, I am disappointed that USTR and USDA did not make themselves available for this hearing. Agriculture is a huge part of USMCA, and this Committee needs to have the opportunity to hear directly and publicly from the Administration on how they are advancing agriculture interests during negotiations.

Right now, America's farmers are facing the worst economic crisis since the 1980s. Inputs are up, prices are down, and markets, in many cases, have been decimated. Now more than ever they need trade certainty to help weather the storm. They are pleading for trade, not aid, yet for the past year and a half, we have watched this Administration do the exact opposite. It has destroyed America's reputation as a reliable trade partner. We have seen an abuse of tariffs and an inconsistent approach to trade barriers that raise prices for consumers, while creating an unpredictable business environment. Amidst this cloud of economic uncertainty, family farmers have been able to largely turn to our allies to the North and South as reliable markets for our goods. They have served as ports in the storm during these difficult economic times. Now, by threatening to blow up USMCA, the President and his Administration are threatening the last source of trade certainty our farmers have. They are right to have concerns. This President is unstable.

In the past year, the President has asked "Who would ever sign a thing like this?" This might surprise the current Trump Administration, but USMCA was negotiated by the first Trump Administration and signed by President Trump, and while USMCA may not be perfect—there are certainly improvements that we should make—it is still vital for American farmers, ranchers, foresters, and businesses. In our continued pursuit to feed, clothe, and fuel the world, Mexico and Canada remain our top agriculture trade partners. Our relationships with these allies put money in the pockets of family farmers and creates and supports jobs up and down the food supply chain.

In just the last year, my state, Minnesota, exported over \$2 billion worth of agriculture products to Mexico and Canada. Our top ag exports are corn, grain, and oilseed, milling products, and soybeans. Minnesota exported \$51 million in eggs to Canada and \$44 million worth of sugar to Mexico. In total, agricultural exports to Mexico and Canada support nearly 10,000 jobs in Minnesota. That is 10,000 people in Minnesota able to keep food on their table, raise a family, and put a roof over their head because of North American trade. That is 10,000 Minnesotans whose jobs are at risk because President Trump would rather bully allies than build with them. It worries me when the President calls USMCA irrelevant. It is even more concerning that, at a time when we should be working with our allies to lower costs for farmers and fight back the influence of China, that the President announced a new ten percent tariff on Canada, Mexico, and the EU. The timing could not be worse for more chaos.

Our farm economy cannot take any more shocks to the system. Right now, we need to be strengthening our relationships with allies, not undermining them, and I think that the testimony we hear today will affirm that trade across North America is absolutely

vital. I look forward to having a frank conversation today. Thank you again to our witnesses for being here, and, Mr. Chairman, I yield back.

[The prepared statement of Ms. Craig follows:]

PREPARED STATEMENT OF HON. ANGIE CRAIG, A REPRESENTATIVE IN CONGRESS FROM MINNESOTA

Good morning and thank you, Mr. Chairman.

And thank you to our witnesses for your testimony today. I look forward to hearing from you about the importance of USMCA, improvements that can be made during review and the overall trade environment.

I want to say up front that while I'm happy to have a great group of witnesses before us, I am disappointed that USTR and USDA did not make themselves available for this hearing. Agriculture is a huge part of USMCA, and this Committee needs to have the opportunity to hear directly and publicly from the Administration on how they are advancing agricultural interests during negotiations.

Right now, America's farmers are facing the worst economic crisis since the 1980s. Inputs are up, prices are down and markets have been decimated. Now more than ever, they need trade certainty to help weather this storm. They are pleading for it—trade, not aid.

Yet, for the past year and a half, we've watched this Administration do the exact opposite. It has destroyed America's reputation as a reliable trade partner.

We've seen an abuse of tariffs, and an inconsistent approach to trade barriers that raised prices for consumers while creating an unpredictable business environment.

Amidst this cloud of economic instability, family farmers have been able to largely turn to our allies to the North and South as reliable markets for our goods. They have served as ports in the storm during these difficult economic times. Now, by threatening to blow up USMCA, the President and his Administration are threatening the last source of trade certainty our farmers have. They are right to have concerns—this President is unstable.

In the past year, the President has asked "Who would ever sign a thing like this?"

This might surprise the current Trump Administration, but USMCA was negotiated by the first Trump Administration and signed by President Trump.

And while USMCA may not be perfect—there are certainly improvements that can be made—it is still vital for American farmers, ranchers, foresters and businesses.

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Minnesota exported \$51 million in eggs to Canada and \$44 million worth of sugar to Mexico.

In total, agricultural exports to Mexico and Canada support nearly 10,000 jobs in Minnesota.

That's 10,000 people in Minnesota able to keep food on their table, raise a family and put a roof over their head because of North American trade.

That's 10,000 Minnesotans whose jobs are at risk because President Trump would rather bully allies than build with them.

It worries me when the President calls USMCA "irrelevant." It is even more concerning that at a time when we should be working with our allies to lower costs for farmers and fight back the influence of China, that the President announced a new ten percent tariff on Canada, Mexico and the EU. The timing could not be worse for more Trump trade chaos.

Our farm economy cannot take anymore shocks to the system. Right now, we need to be strengthening our relationships with allies, not undermining them, and I think that the testimony we hear today will affirm that trade across North America is vital.

I look forward to having a frank conversation today. Thank you again for being here. I yield back.

The CHAIRMAN. The chair would request that other Members submit their opening statements for the record so the witnesses

may begin their testimony and ensure that there is ample time for questions.

Our first witness today is Mr. Michael Lichte, the Chief Insights and Optimization Officer at Dairy Farmers of America. Our next witness is Ms. Kristen Sawin, the Vice President of the Government and Corporate Affairs at Weyerhaeuser. Our third witness today is Mr. Dave Puglia. Mr. Puglia is the President and Chief Executive Officer at the Western Growers Association, and I will now yield to the Ranking Member to introduce our next witness.

Ms. CRAIG. Thank you, Mr. Chairman. Our next witness today is Ms. Jamie Beyer. Ms. Beyer has a farm near Wheaton, Minnesota, where she and her husband, Rod, grow soybeans, corn, sugarbeets, and alfalfa. She serves on the board of directors of, and is an executive committee member at, the American Soybean Association. Thank you, Ms. Beyer, for being here today, and I look forward to hearing the farmer's perspective.

The CHAIRMAN. Our fifth witness is Mr. Michael Schumpp, the Senior Director for International Affairs at the Meat Institute, and our final witness today is Mr. Neil Herrington, the Senior Vice President for the Americas Program at the United States Chamber of Commerce.

I want to thank all of our witnesses for joining us today. I think hearing from you all is a great pretext to our work with USTR because we want to be your voice, yes, so really excited about this panel that we have mustered together today, and we are now going to proceed through your testimony. You will each have 5 minutes. The timer in front of you will count down to zero, at which time your time has expired.

Mr. Lichte, please begin when you are ready.

STATEMENT OF MICHAEL LICHTÉ, CHIEF INSIGHTS AND OPTIMIZATION OFFICER, DAIRY FARMERS OF AMERICA, INC.; MEMBER, BOARD OF DIRECTORS, NATIONAL MILK PRODUCERS FEDERATION; DIRECTOR, U.S. DAIRY EXPORT COUNCIL, KANSAS CITY, KS

Mr. LICHTÉ. All right. Thank you, Chairman Thompson. Chairman Thompson, Ranking Member Craig, and Members of the Committee, thank you for the opportunity to testify today on the importance of the United States-Mexico-Canada Agreement to the U.S. dairy sector. My name is Michael Lichte, and I serve as Chief Insights and Optimization Officer for Dairy Farmers of America. DFA is the largest dairy cooperative in the United States, representing nearly 5,000 family dairy farms, and marketing more than 64 billion pounds of milk annually. Our scale gives us a direct line of sight into how trade policy shapes the milk prices our farmer owners depend upon to sustain their operations, their families, and their communities. I appreciate the opportunity to share our perspective on how USMCA is working today and where improvements are needed to ensure the agreement delivers real results for our farmers as we approach the Joint Review.

Exports are essential to the future of the U.S. dairy industry. Today, export demand accounts for roughly 17 percent of U.S. milk production and is a key driver of growth across our sector. For dairy farmers, the ability to access and compete in global markets

directly supports the milk prices they receive and the investments made across rural America. Within the broader export picture, USMCA remains the most important trade agreement for U.S. dairy. Mexico and Canada together account for more than 40 percent of U.S. dairy export value. For our farmers, stable and reliable market access is not optional. It is foundational to their ability to operate and plan for the future.

First, I want to emphasize that USMCA is working well in Mexico. Mexico is the most important trading partner for the U.S. dairy industry, purchasing billions of dollars of U.S. dairy products each year that are used throughout the manufacturing, retail, and food service channels. This relationship has been built over decades through open markets, strong partnerships, and close coordination between our industries. It stands today as a clear example of how trade agreements can deliver a mutual benefit when implemented effectively.

For DFA, this success is very real. Mexico is our largest export destination, representing over 14 percent of our total export revenue. This growth reflects what happens when U.S. dairy farmers are given a fair opportunity to compete—they are able to deliver—and every dollar of export revenue generated in Mexico flows back through our cooperative and supports the milk prices paid to our farmer owners. As we approach the Joint Review, it is critical that we preserve this success. That includes maintaining duty-free access, ensuring that emerging policy developments, such as Mexico's push for milk self-sufficiency or the potential restriction on common cheese names, do not undermine the open market access that has supported our growth thus far.

At the same time, USMCA has not delivered the same level of results in Canada. While the agreement established new opportunities for market access, those opportunities have not consistently translated into commercially meaningful outcomes for U.S. dairy exporters. In practice, Canada's administration of its dairy quotas has limited their usability. In some cases, access that was negotiated has been only partially utilized. For example, in 2025, less than ten percent of available access under the yogurt quota was ultimately filled. At the same time, Canadian dairy pricing policies, especially for nonfat milk solids, continue to create conditions that distort trade and impact competitiveness for U.S. producers. For our farmer owners, the outcome is clear: access that exists on paper is not consistently translating into real market opportunities. As the Joint Review moves forward, improving how these commitments function in practice will be important to ensuring the agreement delivers real results for U.S. farmers.

In closing, USMCA remains one of the most important trade frameworks supporting the U.S. dairy industry and the rural communities we serve. As policymakers look ahead to the Joint Review, we encourage a focused approach: preserve what is working, particularly our strong relationship with Mexico, while ensuring that the agreement delivers meaningful results across all markets. At the end of the day, our farmers are asking for one thing: a fair opportunity to compete. When they have that opportunity, they win, and with the right focus, USMCA can continue delivering the op-

opportunities for years to come to preserve the next generation coming to the family farm.

Thank you, and I look forward to your questions.
[The prepared statement of Mr. Lichte follows:]

PREPARED STATEMENT OF MICHAEL LICHTÉ, CHIEF INSIGHTS AND OPTIMIZATION OFFICER, DAIRY FARMERS OF AMERICA, INC.; MEMBER, BOARD OF DIRECTORS, NATIONAL MILK PRODUCERS FEDERATION; DIRECTOR, U.S. DAIRY EXPORT COUNCIL, KANSAS CITY, KS

Introduction

Chairman Thompson, Ranking Member Craig, and Members of the Committee, thank you for the opportunity to submit testimony regarding the importance of the United States-Mexico-Canada Agreement (USMCA) to the U.S. dairy sector and the need to ensure full implementation and enforcement of the agreement's dairy commitments as part of the forthcoming joint review process.

My name is Michael Lichte, and I serve as Chief Insights and Optimization Officer for Dairy Farmers of America (DFA). DFA is the largest dairy cooperative in the United States and the third-largest dairy company globally. Our farmer-owners operate nearly 5,000 family farms, from which DFA markets 64.7 billion pounds of milk annually, some of which goes into DFA's 82 manufacturing facilities. On the global stage, DFA exports more than 30 forms of dairy products to 70 countries, partnering with over 200 customers worldwide. In 2025, DFA's international business generated nearly \$1 billion in revenue. Our scale and scope give us a direct line of sight into how trade policy shapes the milk prices our farmer-owners depend on to sustain their operations, their families, and their communities.

In my current role, I facilitate the development of DFA's enterprise-wide strategic priorities alongside our leadership group, work with business leaders across our cooperative to enhance business performance, and look to advance long-term growth initiatives. Beyond DFA, I am actively engaged in national and international dairy policy and trade matters through service on the boards and committees of National Milk Producers Federation, U.S. Dairy Export Council, International Dairy Foods Association, and Global Dairy Platform. I also serve as a cleared advisor to USDA's Agricultural Technical Advisory Committee for Trade in Animals and Animal Products.

It is with this experience that I am honored to testify before you today on the importance of the U.S.-Mexico-Canada Agreement (USMCA) for DFA and the U.S. dairy industry, and the need for improvements to be made during the joint review process to ensure it delivers real results for our dairy farmers and the rural communities they support.

Importance of USMCA

First, I want to thank Chairman Thompson on his diligent leadership in championing the bipartisan Whole Milk for Healthy Kids into law earlier this year. We appreciate the Chairman and many on the Committee who supported this critical effort that supports both our nation's youth and our hardworking dairy farmers.

While the Whole Milk for Healthy Kids promises a new opportunity for our farmers domestically, we must continue to look outside of our borders for long-term, sustainable growth. Export demand now accounts for 17 percent of total U.S. milk production and has become one of the key drivers of incremental growth across the dairy sector. Long-term growth in U.S. milk production continues to outpace domestic consumption growth trends in several product categories, particularly for milk solids used in manufactured dairy products and ingredients. As a result, the ability of U.S. dairy producers, cooperatives, and processors to access and compete within foreign markets has become central to supporting the milk prices our farmers depend on and generating returns on billions of dollars in processing infrastructure investments made across rural America over the last few years.

At DFA, our cooperative exists to find the best possible markets for our farmers' milk, whether that is in a school cafeteria down the road or a cheese plant in Mexico. The stronger and more diverse our export markets, the stronger the returns we can deliver back to the farmgate. That is why trade policy matters so deeply to our farmer-owners.

Against that backdrop, USMCA remains the most commercially significant trade agreement for the U.S. dairy industry. Mexico and Canada collectively account for

over 40 percent of all U.S. dairy exports by value.¹ Mexico and Canada are by far the top two export destinations for U.S. dairy exports, and have been consistently for decades.

That is the kind of consistency dairy farmers, who milk their cows 365 days a year, rely upon. For our industry, market continuity remains particularly important because of the nature of dairy production and the inability to shut off production. Our farmer-owners structured DFA to ensure that their steady supply of milk production can be processed into a wide variety of products that customers around the world demand. Meeting this mandate requires substantial fixed costs, efficient throughput and stable sales relationships. Capital investments associated with modern dairy processing infrastructure are measured in hundreds of millions, if not billions, of dollars and are financed over long planning horizons. Export market disruption can therefore have immediate downstream effects on manufacturing margins and ultimately farm-level milk checks.

USMCA provides the market assurances that our farmers need to continue operating. Its importance to our farmers cannot be overstated. Beyond the tariff-free access that it provides to the Mexican market, USMCA also included provisions intended to partially address longstanding concerns involving Canada's dairy market restrictions and dairy protein export practices. During the USMCA negotiations, the United States secured market access into Canada through the establishment of new tariff-rate quotas (TRQs) across multiple dairy product categories. In addition, the agreement incorporated export disciplines directed at limiting the ability of Canada to offload artificially low-priced dairy proteins into international markets through trade-distortive pricing and export mechanisms that adversely affect U.S. dairy manufacturers and global dairy protein markets.

While USMCA has delivered strong results with Mexico, Canada's implementation of its dairy commitments has not yet produced the commercially meaningful outcomes our farmers were promised. The mandated joint review provides an important opportunity for the United States to address these outstanding issues with Canada, while preserving the full market access for U.S. dairy products into Mexico, to ensure the agreement delivers for our farmers.

Mexico

Mexico is the most important trading partner of the U.S. dairy industry. It alone purchases billions of dollars annually in U.S. cheese, skim milk powder, whey products, lactose, dairy proteins, and other manufactured dairy products used throughout the Mexican food manufacturing, retail, and food-service sectors. The commercial integration of the U.S. and Mexican dairy industries developed over decades through the gradual elimination of tariffs, the establishment of stable regional supply chains under USMCA, and a concerted focus by our industry in developing deep partnerships within Mexico. The continuation of duty- and trade barrier-free access to Mexico under USMCA is critically important to our farmers.

The relationships that our industry has developed in Mexico are a clear demonstration of how trade agreements can yield mutually beneficial results, if done right. Through both NAFTA and now USMCA, the U.S. and Mexican dairy industries alike have grown in parallel as new dairy product varieties have been introduced in Mexico and joint efforts have been invested to promote and grow consumption. As part of this longstanding relationship-building effort, I have participated in an annual U.S.-Mexico Binational Dairy Summit and related bilateral industry engagements. The forums bring together producers, cooperatives and processors from both countries to address common regulatory issues, strengthen supply chain coordination, and support continued growth in dairy consumption across our two markets. The long-term collaboration between the industries in both countries has helped establish one of the most integrated and mutually beneficial agricultural trading relationships in the world.

DFA's own growth in Mexico reflects the strength of this partnership. Mexico is the top priority export market for DFA, representing 14.1 percent of our total export revenue at \$134 million annually. Across the broader U.S. dairy industry, total exports to Mexico reached \$2.6 billion in 2025—with DFA accounting for approximately 5.2 percent of that total. This growth is rooted in the strengths we value most about the Mexican market: strong partners, close proximity, and sound policy. When our farmers have a fair shot at competing in open markets, they deliver—and the results in Mexico prove that point. Every dollar of export revenue we generate in Mexico flows back to the cooperative and ultimately supports the milk prices paid to our farmer-owners.

¹U.S. Dairy Export Council, Trade Data Monitor.

To preserve that positive relationship, the U.S. dairy industry has closely monitored implementation of USMCA commitments in two key policies in Mexico. The first is a strategy Mexico published last year aimed at self-sufficiency in milk production, a component of which calls for the reduction of milk powder imports from the United States.² While increasing Mexico's food security is a goal U.S. dairy supports, interference with imports and trade markets is not. The second policy is Mexico's geographical indications (GI) commitments it negotiated with Europe that have the potential to restrict cheese names commonly used by U.S. exporters. On both of these policy matters, the U.S. Government's engagement is needed during the USMCA joint review to ensure Mexico fully preserves market access for U.S. dairy products marketed under common names and does not introduce new restrictions.

Canada

Canada's dairy policies remain one of the most significant trade and competitiveness concerns facing U.S. agriculture within USMCA. While USMCA secured important new dairy market access and pricing provisions, Canada's implementation has fallen well short of the negotiated intent.

Since USMCA's implementation, Canada has administered its dairy tariff-rate quotas (TRQs) in a manner that prevents full use of the market access concessions secured under USMCA. The overwhelming majority of quota allocations remain concentrated among Canadian dairy processors that lack commercial incentives to import outside their own intra-company shipping, while importers/distributors are allocated only minimal shares of the available access. Retailers and food-service operators remain completely excluded from access to the quota system despite representing entities with actual commercial demand for competitively priced U.S. dairy products. The resulting under-fill across numerous quota categories limits U.S. suppliers from receiving the full benefits of the negotiated market access.

Demonstrating the limiting effects of Canada's dairy TRQ administration, U.S. access negotiated under the "Yogurt and Buttermilk" quota (TRQ-CA09) for calendar year 2025 was 4,135 metric tons. Yet only 382 metric tons were ultimately imported under the quota, representing just nine percent utilization of the access Canada committed to provide.³ Similar shortfall patterns persist across other dairy categories. These persistent under-fill rates are particularly difficult to justify given the substantial price premiums routinely paid by Canadian consumers for dairy products relative to competitively priced U.S. exports. The continued existence of large volumes of unused quota clearly indicates that Canada's distortionary allocation methodology is suppressing commercially viable imports and preventing negotiated market access from functioning as intended under the agreement.

The inability for U.S. producers and processors like DFA to serve demand from willing customers in Canada makes these trade barriers an ongoing source of frustration.

To put this in perspective, Canada currently represents just 3.4 percent of DFA's total export sales at approximately \$32 million annually—a fraction of what the market could support if the negotiated access were functioning as intended.

Beyond the TRQ issues, Canada has also sought to circumvent its USMCA dairy pricing disciplines. While Canada formally eliminated its discriminatory Class VII pricing system as part of its USMCA commitments, it has implemented alternative measures that largely replicate the pricing scheme, allowing dairy protein processors to purchase raw milk at extremely low prices. These pricing policies, combined with Federal and provincial grants and loans expressly provided to address Canada's structural surplus of nonfat milk solids, result in heavily discounted product entering the United States and third country export markets around the world.

A U.S. International Trade Commission (USITC) Section 332 report on the United States' global competitiveness on nonfat milk solids released in May also noted the dramatic export growth of Canadian non-fat solids in certain HS codes and that Canada's milk supply management system effectively "unlinks" milk farm prices from milk component prices, allowing for greater competitive advantage for Canadian nonfat milk solids production. USITC found that Canada's exports under the "protein isolate" tariff code (HTS 3504) grew from just 76 metric tons in 2013–2015 to over 32,000 metric tons in 2022–2024. While the tariff code is not exclusive to dairy proteins, USITC estimates that most of the exports were dairy based.⁴

² Reference: https://apps.fas.usda.gov/newgainapi/api/Report/DownloadReportByFileName?fileName=Dairy%20and%20Products%20Annual_Mexico%20City_Mexico_MX2025-0058.pdf.

³ U.S. Dairy Export Council, Global Affairs Canada.

⁴ U.S. International Trade Commission, *Nonfat Milk Solids: Competitive Conditions for the United States and Major Foreign Suppliers*, USITC Publication 5732, Investigation No. 332–607 (Washington, D.C.: USITC, April 2026), <https://www.usitc.gov/publications/332/pub5732.pdf>.

USITC further notes that the dairy products are entering the United States from new and expanded processing plants in British Columbia and Manitoba. The report cites that “[i]n addition to access to cost-competitive sources of [nonfat milk solids] components, these facilities received grants and loans from national and provincial governments.”⁵ These expansion investments suggest that Canada plans to continue its dairy policy practices that further distort markets, including in the United States.

The USITC findings are consistent with our experiences; Canada appears to have shifted surplus nonfat milk solids into product categories structured to avoid the export disciplines established under USMCA. For our farmer-owners, every metric ton of quota left unfilled in Canada, and every pound of artificially priced Canadian dairy protein that enters our markets, or take our share of our customers’ markets, puts downward pressure on the returns our member farms receive for their milk. Getting this right during the joint review is essential to preserving the credibility of USMCA and protecting the livelihoods of American dairy farm families.

The upcoming USMCA joint review must address these issues head-on. Canada’s TRQ allocation system requires structural reform to ensure quota volumes are fully usable by U.S. dairy exporters—irrespective of their end destination, not just Canadian processors. Stronger utilization requirements and more effective quota return provisions are needed to discourage chronic under-fill. Similarly, the review must comprehensively address Canada’s pricing of nonfat milk solids by evaluating the efficacy and conditions of the pricing formula, reconsidering the export thresholds for Canadian nonfat milk solids, and requiring Canada’s full partnership in any pricing or quota policies it may change.

Conclusion

For DFA and the U.S. dairy industry broadly, USMCA remains one of the most consequential trade agreements affecting long-term competitiveness, manufacturing investment, and the economic stability of dairy farm families. With Mexico and Canada accounting for close to half of all U.S. dairy exports, the market outlets provided through USMCA directly influence the milk checks farmers receive across the country.

The long-term success of the agreement depends upon whether its commitments produce commercially meaningful outcomes in practice.

As the joint review process moves forward, the United States should prioritize preserving the strengths of the North American dairy trading relationship while securing targeted improvements necessary to strengthen implementation and enforcement of the agreement’s dairy provisions, particularly for Canada. With appropriate enforcement and modernization, USMCA can continue supporting investment, export growth, and economic opportunity for America’s dairy farm families for generations to come.

At the end of the day, our farmers are asking for one thing: a fair opportunity to compete. When they have that opportunity—as they do in Mexico—they win. It is our responsibility to ensure that USMCA delivers on that promise across all of North America, so that the next generation of dairy farm families can build on the foundation this agreement provides.

The CHAIRMAN. Mr. Lichte, thanks so much for your testimony. Ms. Sawin, please begin when you are ready.

STATEMENT OF KRISTEN SAWIN, VICE PRESIDENT GOVERNMENT AND CORPORATE AFFAIRS, WEYERHAEUSER; CHAIR, GLOBAL FORESTRY TASK GROUP, NATIONAL ALLIANCE OF FOREST OWNERS, SEATTLE, WA

Ms. SAWIN. Thank you, Mr. Chairman, Ranking Member Craig, and honorable Members of the Committee. I am Kristen Sawin, Vice President of Government and Corporate Affairs at Weyerhaeuser, appearing today on behalf of the National Alliance of Forest Owners, of which Weyerhaeuser is a member. NAFO represents private forest landowners who, collectively, own over 44 million acres of sustainably managed working forests in the United States. At Weyerhaeuser, we own 10½ million acres. We appreciate

⁵ *Ibid.*

the opportunity to share our perspectives on why trade policy matters to the U.S. forest product sector and offer some ideas on how Congress can ensure a level playing field for the American forest landowners.

American private working forests are among the most productive and sustainably managed in the world. We grow 53 percent more fiber than we harvest annually. Unfortunately, we are seeing some significant market disruptions. Since 2014, there have been over 35 pulp mill closures and a 20 percent contraction of logging capacity in the United States. Increasingly, export markets are an important segment of the overall economic picture for our sector.

I want to talk a little bit about some trade data, first in the U.S. log and wood chip exports. These are fairly constrained markets. With the trade barriers recently put into place by China in 2025, our primary trade partners are now Canada, Japan, and Vietnam. Given this concentration, we remain fairly vulnerable to significant price deflation when any of these markets tighten. When looking specifically at USMCA, you will find that Canada is an importer of hardwood logs and chips and an exporter of softwood lumber and other wood products, while the U.S. exports finished lumber and other wood products to Mexico. That is about 24 percent of our domestic production in the United States. Good policy can help support the sector and improve market stability for our landowners.

We would point you in three main areas. First of all, energy markets, fixing the definition of *woody biomass* and the Renewable Fuel Standard to ensure that low-value and residual-quality wood are moved into energy markets is free to the Federal Government and is an immediate uplift for landowners and for mills in the United States. Second is housing policy. Housing starts drive lumber demand. NAFO supports the House-passed 21st Century ROAD to Housing Act (Pub. L. 119–101), and we hope your Senate colleagues join you soon. And finally trade policy. Fair and enforceable trade rules are critical as are the removal of the non-tariff barriers, both sanitary and phytosanitary, and then tariff support for domestic manufacturing operations.

The United States should be viewed as a wood basket to the world. We operate under the highest sustainability standards and have more timber than we can process domestically. And unfortunately, year over year, trade data shows that we are actually reducing our exports and not increasing them, and we would like to see that changed. I am going to point you to my written testimony on some other areas of trade, such as China, India, and the European Union, but focus primarily on USMCA.

For the USMCA, there is a bit of a quirk for us—at least we view it as a quirk—in Chapter 10, which is one of the adjudicatory chapters. It used to be Chapter 19 in NAFTA for those who are interested. We would ask that you consider eliminating Chapter 10 and give it a really hard look. It was originally envisioned as a temporary provision while the WTO was being stood up. In our view, Chapter 10 is obsolete but can be used to drag out disputes, and has become a little bit more political than adjudicatory lately.

And in sum, NAFO is committed to being a resource for this Committee as you work through these issues. We believe that with the right policy support, America's forests can be an even greater

engine for rural prosperity, nature- and climate-positive outcomes, and national economic strength. Thank you and look forward to your questions.

[The prepared statement of Ms. Sawin follows:]

PREPARED STATEMENT OF KRISTEN SAWIN, VICE PRESIDENT GOVERNMENT AND CORPORATE AFFAIRS, WEYERHAEUSER; CHAIR, GLOBAL FORESTRY TASK GROUP, NATIONAL ALLIANCE OF FOREST OWNERS, SEATTLE, WA

Chairman Thompson, Ranking Member Craig, and distinguished Members of the Committee:

I am Kristen Sawin, Vice President of Government and Corporate Affairs at Weyerhaeuser and am pleased to appear today on behalf of the National Alliance of Forest Owners (NAFO), of which Weyerhaeuser is a member. I am currently the Chair of the Global Forestry Task Group at NAFO.

The National Alliance of Forest Owners represents private forest landowners who collectively own and manage over 44 million acres of working forests across the United States. These forests are not only a vital natural resource but also the economic backbone of countless rural communities, supporting approximately 3.9 million American jobs in forestry, wood products manufacturing, pulp and paper production, and related industries. Our members are committed to sustainable forest management practices that balance economic productivity with environmental stewardship and long-term forest health.

At Weyerhaeuser, we manage roughly 10.5 million acres of timberland across multiple regions of the United States, and we operate 35 wood products mills and building distribution centers that employ thousands of Americans in family-wage jobs. Our operations span from the Pacific Northwest, the U.S. Southeast and up to New England, making us deeply familiar with the diverse forest ecosystems and economic conditions across the nation. We harvest timber sustainably, regenerate forests for future generations, and produce essential wood products that Americans depend on daily. Weyerhaeuser has long standing export relationships to Japan, Vietnam, South Korea, and China. We are interested in more meaningful opportunities to India and the European Union.

We appreciate the opportunity to share why trade policy matters profoundly to the forest products sector and to NAFO members. International trade dynamics directly affect our ability to compete in global markets, maintain domestic production capacity, protect American jobs, and ensure fair treatment for our products abroad. When foreign competitors benefit from unfair subsidies, when trade barriers prevent our products from reaching overseas markets, or when retaliatory tariffs are imposed in response to U.S. trade actions, the impacts reverberate through our mills, our timberlands, and the rural communities that depend on them. The decisions made by Congress and the Administration on trade policy can mean the difference between growth and decline, between job creation and layoffs, between thriving rural economies and struggling ones.

In my testimony today, I will address how trade policy affects the domestic forest products sector, highlight specific challenges our industry faces in the international marketplace, and offer recommendations on how Congress can help ensure a level playing field for American forest landowners and manufacturers.

A Supply Chain at Risk: Background on the U.S. Forest Products Sector

State of America's Working Forests

America's private working forests are among the most productive and sustainably managed in the world, growing 53% more wood than is harvested annually. The supply exists—the problem is markets. Our domestic supply chain is under serious and accelerating stress.

Since 2014, the sector has experienced over 35 pulp mill closures, resulting in \$800 million in annual forest revenue losses and more than 50 million tons of lost wood-processing capacity. The availability of logging crews is a serious concern, as logging has contracted by 20% over the past decade as mills have closed. In addition, U.S. pulp exports to Mexico have declined by over 18% year-over-year. These are supply-chain collapses, not market corrections—when markets disappear, they do not return.

Hardwood Lumber Sector Decline

The hardwood lumber sector presents a contrasting picture of domestic oversupply amid declining production. Current consumption is 3 billion board feet (BBF) annu-

ally, while production reaches 4 BBF—a figure that represents a 46% decline from 2019 levels and a 67% decrease from 1999 peak production. Capacity stood at 7 BBF in 2023, though the sector has experienced a wave of mill closures since that measurement.

Trade patterns reflect the sector's export orientation: imports are minimal at 0.2 BBF, while exports reach 1.1 BBF. Export destinations are notably concentrated, with China receiving 28% and Mexico taking 12% of hardwood lumber shipments.

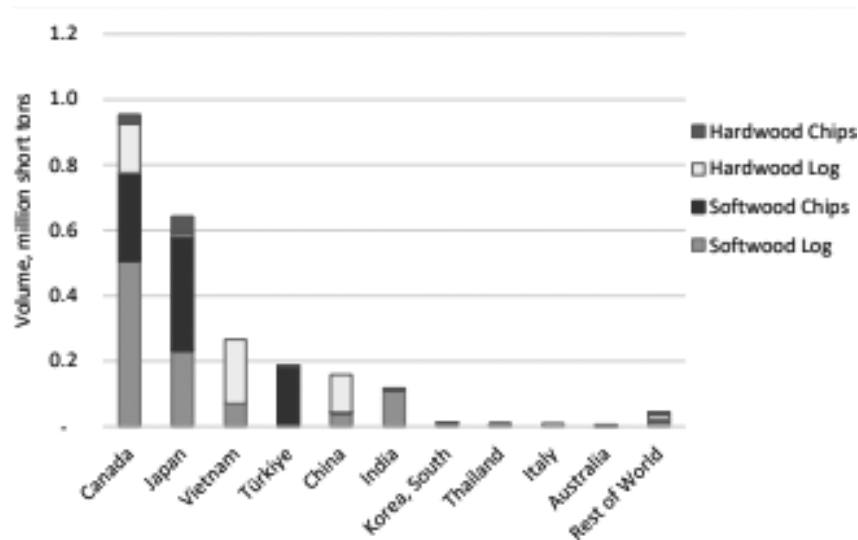
Log and Wood Chip Export Markets

U.S. log and wood chip exports demonstrate high market concentration among three primary buyers. Canada, Japan, and Vietnam collectively import 78% of total U.S. log exports, with Canada alone accounting for 40%, Japan 27%, and Vietnam 11%. These same three countries also receive 77% of chip exports, with Canada taking 44% of log exports and 33% of chip exports. That concentration is a vulnerability: when any one of those markets tightens, American timberland owners feel it immediately and have few places to turn.

The price data tells that story plainly. Southern pine sawlog export prices are down 16.9% year-over-year, while Douglas-fir sawlog prices have fallen 15% below their 5 year average. These are not minor fluctuations; rather they reflect a market in which U.S. producers are losing ground to competitors who benefit from preferential trade relationships and, in some cases, government support that American forest owners do not receive.

Figure 1: [Sawlog Export Price Trends Showing Year-Over-Year Declines for Southern Pine and Douglas Fir]

Figure 63: U.S. Log and Chip Exports to World by Destination



Sawlog export prices have experienced significant downward pressure, with southern pine prices declining 16.9% year-over-year and Douglas-fir prices falling 15% below their 5 year average. These trends reflect challenging conditions in international timber markets and reduced demand from key export partners.

Data Source: U.S. Census Bureau.

Note: Data through February 2026.

The situation with China illustrates how quickly that ground can disappear. In 2024, the U.S. was the third largest supplier of softwood logs to China, exporting 1.3M cubic meters of U.S. southern yellow pine logs and Douglas-fir logs. However, on March 4, 2025, China's General Administration of Customs suspended the processing of all U.S. log imports, claiming a discovery of pests in U.S. shipments. The suspension was not an isolated technical action. For several years, China has responded to trade disputes by locking in long-term purchase agreements with other countries, systematically eroding U.S. market share. Meanwhile, Canada's log ex-

ports to China have increased 35% during this period. Markets lost to competitors who have secured preferential access do not come back easily, and the window to defend U.S. position is closing.

Wood Products Markets and the USMCA

The U.S. forest products sector represents a significant component of American trade, with annual exports totaling \$38.4 billion and imports of \$54.6 billion. Our primary trading relationships are concentrated with neighboring countries: Canada accounts for 39% of forest product imports and Mexico accounts for 24% of our export market.

The softwood lumber sector shows clear indicators of both domestic capacity and import dependence. U.S. consumption stands at 49.8 BBF, while domestic production reaches 37.1 BBF, with 61% originating from southern operations and 34% from western mills. Total U.S. mill capacity is 46 BBF, currently operating at 80% utilization. Recent Census Bureau data reveals that 58% of mills report operating below capacity due to insufficient orders rather than supply constraints. Imports total 13.9 BBF, representing roughly 25% of consumption, with 76% of these imports (10.5 BBF) sourcing from Canada. On the export side, the U.S. ships 1.2 BBF abroad, with Mexico receiving 37% and Canada taking 15%. Notably, current import levels are below the 5 year average of 28% of consumption.

The U.S.-Canada softwood lumber dispute is enforced through trade remedy law (specifically, the antidumping and countervailing duty provisions of Title VII of the Tariff Act of 1930) and is legally distinct from USMCA and from the broader tariff debate. These are not tariff policy choices; they are determinations made under long-standing U.S. law in response to findings of unfair trade practices. There is currently no interest by U.S. lumber manufacturers to include softwood lumber as a unique provision within the USMCA. There is, however, interest in addressing the dispute resolution process outlined in Chapter 10.

Three-Part Policy Solution

Smart policy in three key areas can reverse these trends and restore market stability:

Energy Markets—Fixing the definition of woody biomass in the Renewable Fuel Standard (RFS) to ensure low-value and residual wood qualify as a feedstock is the most important domestic policy step Congress can take, at no Federal cost. This would create immediate demand for forest products and support rural forestry economies.

Housing Affordability—Housing starts drive lumber demand, the most important end-use market for forest products. NAFO supports the House-passed 21st Century Road to Housing Act (May 20, 2026), which would stimulate residential construction and, by extension, lumber consumption.

Trade Policy—Fair and enforceable trade rules, removal of unjustified foreign barriers, and targeted tariffs supporting domestic manufacturing are essential to leveling the playing field for American producers.

Trade is a critical component of a comprehensive strategy to support U.S. working forests and healthy forest products supply chain.

Trade Opportunities, Market Access, and Enforcement

The United States should position itself as the 'wood basket to the world.' While maintaining the highest sustainability standards in the world, we have more timber than we can process domestically, and global fiber demand continues to grow. Yet the trend is moving in the wrong direction: U.S. forest product exports are down 5% year-over-year, lumber exports to Canada have declined 24%, and lumber exports to China—our primary hardwood export market—are down 26%. We are losing ground in markets we should be winning. Reducing the agricultural trade deficit by promoting log and wood product exports, opening markets, and removing foreign barriers complements a strong domestic manufacturing agenda.

Emerging Energy Export Opportunities

As demand for energy grows worldwide, there are both immediate and long-term opportunities to increase U.S. forest-derived energy exports, and American mills are not yet meeting that demand. U.S. pellet mills are currently operating 29% (~4M tons) below capacity despite a global market that is growing faster than supply can keep pace.

Our closest trading partners already depend on U.S. wood pellets to keep their power stations running. The U.S. is the primary pellet supplier to the EU, and under the U.S.-EU Framework Agreement the EU has committed to purchase \$750 billion in U.S. energy products; the Administration should ensure wood pellets are explicitly included. The United Kingdom, the world's largest pellet consumer, cur-

rently sources 76% of its imports from the U.S., representing 7 million tons and \$1.3 billion annually, though that market faces pressure when the UK's clean energy subsidy expires in 2027. In Asia, Japan's imports of U.S. pellets have grown 500% over the past decade and are projected to nearly double again, yet Vietnam currently supplies half of Japan's market while the U.S. supplies only 7%. Trade agreements with Japan, Vietnam, and South Korea could meaningfully shift that balance.

Beyond pellets, the opportunity in aviation and maritime fuels is significant and the window is open now. Forty-three airlines have pledged to use 4.1 billion gallons of sustainable aviation fuel annually by 2030, against current production of just 0.6 billion gallons. Maersk alone has committed to 400 million additional gallons of biobased fuel annually by that same date. Woody biomass is positioned to fill a substantial portion of that gap. Fixing the Renewable Fuel Standard to recognize forest-derived feedstocks would strengthen the U.S. credibility and supply chain needed to compete for that market before others do.

Market Access and Trade Barrier Removal Recommendations

Brazilian Pulp Imports—Place tariffs on imported Brazilian bleached eucalyptus kraft (BEK) pulp. A section 301 investigation is currently ongoing. Every ton of imported BEK displaces American-grown hardwood fiber, undermining domestic pulp producers and putting additional pressure on hardwood growers that have already been hit hardest by weak markets.

China's Phytosanitary Restrictions—Make the 1 year pause on China's phytosanitary restrictions permanent and explicitly cover all softwood logs, including southern pine logs, not just Douglas-fir. This would reopen critical export channels for southern yellow pine producers.

India's Discriminatory Tariffs—India imposes a 25% tariff on U.S. logs while offering a 0% tariff for Australian logs and a rapidly phasing-out rate for New Zealand under its recently concluded Free Trade Agreement. India is the sixth-largest U.S. fiber importer, accounting for 8% of softwood log exports and 5% of total fiber exports. A bilateral agreement or most-favored-nation (MFN) treatment could meaningfully expand U.S. market share before that window closes.

EU Trade Barriers—The EU Deforestation Regulation (EUDR) imposes onerous requirements on U.S. forest owners, manufacturers, and exporters, despite being designated as a low-risk country for deforestation. NAFO is calling on the USDA and USTR to press for removal of these disproportionate compliance requirements. Additionally, the EU uses sulfuryl fluoride as a fumigant for its own wood exports while blocking it for imported U.S. products—a clear double standard that must be eliminated.

Trade Circumvention

Russian hardwood plywood circumvention presents a concrete example of trade enforcement challenges facing the U.S. domestic industry. The circumvention route operates as follows: Russia exports logs to China, where they are peeled into veneers, then shipped to Vietnam to be formed into plywood, and finally enter the U.S. market effectively tariff-free despite 50% tariffs imposed on direct Russian plywood imports. Beyond the harm to domestic manufacturing, this is especially troubling because Russian state and military interests are widely documented to own and/or control Russian forest resources.

The scale of this circumvention is substantial. In 2024, nearly \$360 million in birch plywood was imported from Vietnam and Indonesia, despite neither country having native birch forests. Vietnamese plywood imports surged 52% in a single year. Meanwhile, U.S. domestic hardwood plywood capacity utilization stands at approximately 50%, indicating significant underutilization driven partly by these circumvented imports.

The Commerce Department issued an affirmative circumvention determination in July 2023, recognizing the problem. However, enforcement has proven difficult to sustain, and imports have surged again following the initial determination.

NAFO supports a ban on forest products sourced from Russia to close the circumvention route at its source. We also encourage coordinated Lacey Act enforcement to trace Russian-origin logs through the China-Vietnam supply chain and ensure compliance with existing trade law.

Such enforcement is bipartisan and straightforward, requiring no broader stance on Russia policy. It focuses specifically on trade enforcement and protecting the domestic hardwood plywood industry from circumvention schemes that undermine legitimate U.S. manufacturing capacity.

Trade Policy Recommendations & Conclusion

America's private working forests are ready to meet the moment. We have the supply, the workforce, and the infrastructure. What we need now are markets, in-

vestment certainty, and a level playing field in global trade. The barriers are real and trends are moving in the wrong direction. Congressional action is needed now.

Four Congressional Priorities

NAFO respectfully urges this Committee to advance four critical policy priorities:

1. Fix the Definition of Woody Biomass in the Renewable Fuel Standard (RFS)

The definition of woody biomass in the RFS currently excludes forest-derived biofuels from its feedstock pathways, despite it being a proven, carbon-beneficial, and domestically abundant renewable resource. Recognizing woody biomass as a qualifying feedstock would create significant market demand for low-grade pulpwood, forest residuals, and mill waste-materials that currently have limited economic value. This change would directly support forest management, reduce wildfire fuel loads, and provide rural forest communities with a stable revenue stream. It would also align the RFS with established lifecycle analysis methodologies that demonstrate the carbon advantages of sustainably managed forest biomass.

In addition to creating a valuable domestic market for low-value wood, increased production of forest-based biofuels could help meet growing global demand for biobased and low-carbon fuels, creating new export opportunities and strengthening the U.S. as a global leader in sustainably produced, biobased fuels. If we do not meet this growing global demand, China will.

2. Support Targeted Tariff Relief for Domestic Forest Products Manufacturing Equipment

To meet the nation's housing needs, we need to produce more wood products domestically, which requires building more wood products manufacturing facilities in the U.S. Targeted tariff relief is needed to strengthen and expand domestic forest products manufacturing infrastructure.

U.S. manufacturers face significant cost disadvantages when acquiring specialized forestry and sawmill equipment that is not manufactured domestically. Tariffs on imported equipment—particularly automated sawmill systems, kiln dryers, wood chippers, and advanced manufacturing machinery—add 10–25% to capital investment costs without protecting domestic production (since much of this equipment is not made in the United States). Targeted tariff relief for forest products manufacturing equipment produced outside of the U.S. would enable technology modernization, improve the competitiveness of U.S. mills, and support job creation in rural communities. This is not about favoring imports; it is about ensuring American manufacturers can access the tools they need to compete globally.

3. Pursue Opportunities to Expand Exports and Press for Removal of Unjustified Foreign Trade Barriers

Free trade agreements—both bilateral and regional, like the USMCA—are increasingly important tools to expand U.S. exports of forest products, from sawlogs to pellets to biofuels. The opportunities documented earlier in this testimony are real and time-sensitive: pellet markets in Europe and Asia are growing faster than U.S. mills can currently supply them, demand for sustainable aviation and maritime fuels will outpace production capacity within this decade, and India represents a significant log export opportunity that competitors are actively moving to lock up. What stands between American forest owners and those markets are specific, addressable barriers. Congress can help remove them.

In addition, U.S. forest products face discriminatory barriers in key export markets that are inconsistent with international trade obligations and scientific evidence. We urge this Committee to press the Administration and our trading partners to remove the following barriers:

- **China's Southern Yellow Pine Log Restrictions:** China's phytosanitary restrictions on U.S. southern yellow pine logs are not supported by scientific risk assessment and serve as a non-tariff barrier that locks U.S. producers out of the world's largest timber market. This species represents a significant portion of U.S. commercial timberland and a critical export opportunity.
- **India's Discriminatory Tariff Structure:** India imposes a 25% tariff on U.S. logs, compared to 5% for New Zealand and 0% for Australia, creating an arbitrary competitive disadvantage for U.S. producers. This structure is not based on objective policy criteria and should be harmonized.
- **Europe's Sulfuryl Fluoride Double Standard:** The EU's prohibition on imports of wood treated with sulfuryl fluoride—while simultaneously allowing domestic use of this same treatment—is a clear case of regulatory protectionism. U.S. producers are held to a standard that European producers are not, undermining fair competition.

- **EUDR Compliance Burden:** The European Union’s Deforestation Regulation (EUDR) imposes geolocation and traceability requirements that are overly complex for U.S. exporters, and disproportionately harming small family and Tribal forest owners. This regulation is causing harm despite the U.S. being identified by the EU as a low-risk country for deforestation and having robust forest management and legal timber verification systems already in place. We support deforestation-free supply chains but urge recognition of equivalent regulatory systems to reduce duplicative compliance costs.

4. Eliminate USMCA Chapter 10 Binational Panel Review

Chapter 10 originated as a temporary stopgap in the 1988 U.S.-Canada Free Trade Agreement, pending negotiation of substantive antidumping and countervailing duty disciplines. Those disciplines were subsequently negotiated and adopted in the WTO agreements and implemented through the Uruguay Round Agreements Act, rendering Chapter 10 review obsolete. U.S. courts ably and efficiently resolve appeals in nearly all other antidumping and countervailing duty cases. There is no justification for maintaining this constitutionally suspect and dysfunctional parallel system for Canada alone.

Chapter 10’s binational panel review process presents serious constitutional and practical problems that directly harm U.S. forest products manufacturers:

- **Jurisdictional Concerns:** The binational panel review system strips U.S. courts of jurisdiction over final determinations by the Department of Commerce and the International Trade Commission in antidumping and countervailing duty cases. This is a unique carve-out that exists in no other U.S. trade agreement.
- **Constitutional Violations:** The system violates the Appointments Clause by allowing non-U.S. citizens—who are not appointed by the President or confirmed by the Senate—to adjudicate the meaning and application of U.S. law. Foreign nationals make binding decisions on U.S. statutes without meeting constitutional requirements for Federal adjudicators.
- **Lack of Judicial Review:** U.S. parties are deprived of impartial Article III judicial review by independent Federal judges. Instead, they face review by ad hoc panels of foreign nationals who lack the independence, qualifications, and accountability of Article III courts.
- **Flawed Decisions and Delays:** The system has yielded deeply flawed decisions and imposed years-long delays that tie up billions of dollars in liquidations, creating massive uncertainty for U.S. companies and forest landowners who depend on effective trade remedy enforcement.

Weyerhaeuser and domestic softwood lumber producers support eliminating Chapter 10’s binational panel review and returning jurisdiction over U.S. trade remedy determinations to U.S. courts where it belongs.

NAFO Stands Ready to Assist

The National Alliance of Forest Owners is a resource to this Committee and stands ready to assist as you work through these issues. Our members—representing millions of acres of working forests and thousands of jobs in rural communities across the country—are committed to sustainable management, economic vitality, and long-term stewardship. We believe that with the right policy support, America’s private forests can be an even greater engine of rural prosperity, climate solutions, and national economic strength.

Conclusion

In summary, the United States must continue to be the leading forest products-producing nation in the world. We have abundant forests, robust growing conditions, manufacturing capability, and a skilled workforce to supply both domestic and international needs for generations to come. Strong domestic policy, coupled with a robust trade policy agenda, is needed to ensure the U.S. is global leader in forestry and forest products.

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The CHAIRMAN. Ms. Sawin, thank you so much for your testimony. Mr. Puglia, please begin when you are ready.

STATEMENT OF DAVE PUGLIA, PRESIDENT AND CHIEF EXECUTIVE OFFICER, WESTERN GROWERS ASSOCIATION, IRVINE, CA

Mr. PUGLIA. Thank you. Mr. Chairman, Ranking Member Craig, Members of the Committee, my name is Dave Puglia. I am the President and CEO of Western Growers. Western Growers members produce, pack, and ship fruits, vegetables, and tree nuts from the western United States, but our members operate throughout the United States, and many also operate abroad. In total, our members account for roughly $\frac{1}{2}$ of the annual fresh produce grown in the United States. I am very pleased today to be able to provide testimony of the perspective of our members regarding the review of the U.S.-Mexico-Canada Trade Agreement.

First, maintaining tariff-free access. Canada and Mexico rank first and second, respectively, in terms of exports and represent roughly $\frac{2}{3}$ of all global U.S. fresh produce exports. Our three markets have been integrated for so long now that many of my members speak about their sales into Canada and Mexico the same way they speak about sales within the United States. Western Growers members thus support maintaining tariff-free access in North America. While there may be some exceptions tied to trade adjudications or other specific cases, the general rule should be duty-free access for produce between our countries. Western Growers also urges that the United States and its partners affirm that USMCA's framework and tools should be the primary vehicle to address trade issues between the signatory nations.

We urge the Administration to conclude this work quickly in order for trade flows to normalize and for trade tension to abate. While some of our products were temporarily placed on Canadian retaliation lists last year, just as critically, the trade tension between our countries has resulted in Canadian consumers and, by extension, Canadian retailers, looking to diversify away from American produce. While Western Growers supports the continuation of a free trade agreement with our North American neighbors, we also believe improvements should be made to USMCA.

As Members of this Committee know, growing and harvesting fresh produce requires a huge amount of human labor. Indeed, labor's share of the cost of production is nearly 40 percent for fruit and vegetable growers and can be even higher for some. Moreover, average hourly earnings of U.S. ag workers have greatly outpaced wage inflation in recent years. Given this reality, one of the biggest

persistent disadvantages U.S. producers have when competing against imports is the disparity in labor costs and standards. Western Growers previously raised this as a top issue during President Trump's first term. Ultimately, significant labor reforms were enshrined to primarily address Mexico's comparatively lax standards. This included wage increase commitments and pathways for signatory countries to sanction each other for violations.

We note that there have been successful changes to Mexican labor laws and positive results for certain sectors since USMCA came into force. Nevertheless, there continue to be barriers in place for the promise of USMCA to be fully fulfilled. Mexican Government oversight remains under-funded, and various budget reductions or reallocations have challenged the rapid and full implementation of the promised labor reforms. So, we support efforts to reinforce and build upon USMCA's labor visions, particularly as it relates to wages and worker protection laws. Doing so will not only promote better conditions for Mexican workers, but also foster fairer competition with the United States.

Regarding bankruptcy challenges, among the key challenges in perishable ag trade across North America is the issue of reciprocal, enforceable mechanisms to protect fresh produce growers against nonpayment. In the United States, Congress long ago provided a trust mechanism as part of the Perishable Agricultural Commodities Act, 1930 (Pub. L. 71-325), which grants fresh produce shippers first priority creditor status in the event of a buyer bankruptcy. In 2024, Canada adopted a similar mechanism. We would urge that, in the USMCA review, that Mexico be asked to adopt a similar mechanism to provide equivalent protection for exporters of fresh ag commodities. Such a tool would establish trilateral safeguards ensuring fair and secure trade access.

We also called out the need for enhanced food safety provisions. As the Chairman noted, we have the most rigorous standards in the United States with respect to food safety and inspections. However, we don't see the same commitment South of the border. Because of our concerns about foodborne illness, the U.S. Government has increased government inspections of domestic farms, and there has been a boost in private investment by the producers themselves in enhanced food safety systems. Food safety compliance, though, cannot stop at the border. In 2021, roughly 60 percent of all fruit consumed to the United States was imported and nearly 40 percent of all vegetables, with Mexico being the dominant exporter. USMCA renewal presents an opportunity for the United States to ensure that food safety oversight and standards are as vigorous in Mexico as they are domestically.

Mr. Chairman, we appreciate the opportunity to provide these and other perspectives on renewal of the agreement and, again, would urge that USMCA be continued but with important changes to rebalance the state of play between our three countries. Thank you.

[The prepared statement of Mr. Puglia follows:]

PREPARED STATEMENT OF DAVE PUGLIA, PRESIDENT AND CHIEF EXECUTIVE OFFICER,
WESTERN GROWERS ASSOCIATION, IRVINE, CA

Introduction

Thank you Chairman Thompson, Ranking Member Craig, and Members of the Committee.

My name is Dave Puglia and I am the President and CEO of Western Growers. Western Growers' members are small-, medium- and large-sized businesses that produce, pack and ship fruits, vegetables and tree nuts from our home states of California, Arizona, New Mexico and Colorado. Beyond our home states, Western Growers members produce in—and directly contribute to the economies of—more than 30 states as well as around 25 foreign countries. In total, our members account for roughly ½ of the annual fresh produce grown in the United States, providing consumers with healthy, nutritious food. For 100 years, Western Growers has been proud to represent the farmers who grow the best medicine. I am pleased to provide you testimony today from the perspective of our members regarding the review of the U.S.-Mexico-Canada-Agreement (USMCA).

Maintain Tariff-Free Access and Formal Trade Dispute Resolution

Tariff-free access for fresh produce into our northern and southern neighbor markets was first gained under NAFTA. Since 1993, fruit and vegetable exports from the United States to Mexico and Canada have more than tripled, reaching over \$7 billion in 2024. Collectively, these two markets rank first (Canada) and second (Mexico) in terms of exports and represent roughly ⅔ of all global U.S. fresh produce exports.

I should add that these export numbers underrepresent the trade between our countries since there is also a substantial amount of U.S.-grown produce that is exported into both countries for additional value-added processing before it is re-imported back into the United States. This supply chain is valuable and has provided North American consumers with even more healthy options, so it is vital the flow remains undeterred by tariffs and additional barriers.

These three markets have been integrated for so long that many of my members speak about their sales into Canada and Mexico in the same way they speak about sales within the U.S. That is certainly not the case when I speak with them about their sales to our trading partners in other parts of the world.

Western Growers thus strongly supports maintaining this crucial tariff-free access; while there may be some exceptions tied to trade adjudications or other specific cases, the general rule should be duty free access for produce between our countries. Western Growers also urges the United States and its partners to affirm that any renewed USMCA's framework and tools should be the primary vehicle to address trade issues between the signatory nations.

We urge the Administration to conclude this work as quickly as possible in order for trade flows between our countries to normalize and for trade tension to abate. This is important because some of our members are experiencing commercial disruptions due to trade tensions between our country and Canada, which is by far our largest fresh produce export market. Some of our products have been placed on Canadian retaliation lists which have resulted in blocked exports at times, but just as critically, the trade tension between our countries has resulted in Canadian consumers—and by extension Canadian retailers—looking to diversify away from American produce. While the impacts on our sector are nowhere near as severe as what our friends in the California wine industry are experiencing, the fact is we need normal trade and a reduction of tension as soon as possible to maintain the Canadian market.

Improvements to USMCA

While Western Growers strongly supports the continuation of a free trade agreement with our North American neighbors and opposes any withdrawal or reversal of our long-standing trade commitments, we also believe improvements should be made to USMCA to ensure fair competition for our domestic industry and safe fresh produce for all consumers. I will highlight a few discrete areas for improvement in my testimony here today:

A. Labor Law Enforcement in Mexico

As Members of this Committee know, growing and harvesting fresh produce requires a huge amount of human labor. Indeed, labor's share of the cost of production

is nearly 40% for fruit and vegetable growers.¹ Moreover, average hourly earnings of U.S. agricultural workers increased 16 percent between 2001 and 2019, outpacing that of non-agricultural wages (five percent growth) and affirming the distinct challenges of finding sufficient labor for our farms.² More recently, agricultural wage growth has been even more staggering as evidenced by H-2A wage increases of 28% between 2021 and 2025.³ Given this reality, one of the biggest persistent disadvantages U.S. producers can and do have when competing against imports is the disparity in labor costs and standards.

Western Growers previously raised this as a top issue during the NAFTA renegotiations under President Trump’s first Administration. Ultimately, significant labor reforms were enshrined to primarily address Mexico’s comparatively lax standards. This included wage increase commitments, stronger collective bargaining protections and pathways for each country to sanction each other for violations.

We should acknowledge that there have been successful changes to Mexican labor laws and positive results for certain sectors through the Rapid Response Mechanism since USMCA came into force. Nevertheless, there continue to be barriers in place for the promise of USMCA to be fully fulfilled. Mexican Government oversight remains under-funded, and various budget reductions or reallocations have challenged the rapid and full implementation of promised labor law reforms.

This Administration has made it a priority to support U.S. agriculture and bolster “Buy American”, and rightly so. It is therefore imperative to recognize this labor cost gap is a key pressure forcing domestic production to decline, as well as an incentive to ‘offshore’ it to Mexico and increase our citizens’ reliance on imported food.

Reinforcing and building upon USMCA’s labor requirements will not only promote better conditions for Mexican workers but also foster fairer competition with the United States. Western Growers strongly supports efforts to reinforce and build upon USMCA’s labor provisions, particularly as it relates to wages and worker protection laws.

In addition, the Department of Labor continues to express concerns that Mexico has not fulfilled its obligations in terms of child labor including in the produce sector. We urge that USMCA should be used to strengthen child labor provisions including by Mexico agreeing to adopt some of the recommendations made by the Labor Department about how Mexico can improve its systems.⁴

B. Bankruptcy Protection and Reciprocity

Among the key challenges in perishable agricultural trade across North America is the issue of payment security and specifically the absence of a reciprocal, enforceable mechanism to protect growers and shippers of fresh produce against non-payment stemming from bankruptcies or insolvencies.

In the United States, Congress provided a trust mechanism as part of the Perishable Agricultural Commodities Act (PACA)⁵ that grants fresh produce shippers first-priority creditor status in the event of a buyer bankruptcy. This protection is essential, as highly perishable products cannot typically be reclaimed or resold. After years of advocacy, in 2024 Canada adopted a similar mechanism with the passage of Bill C-280, creating a PACA-like deemed trust and establishing reciprocal protection for producers on both sides of the U.S.-Canada border.⁶

Western Growers now urges that the USMCA contain a commitment from Mexico to adopt a similar mechanism—modeled on the USDA PACA Trust and Canada’s Bill C-280—to provide equivalent protection for exporters of perishable agricultural commodities. Such a tool would establish trilateral safeguards, ensuring fair and secure trade across all three North American markets.

¹Subedi and Giri, “Specialty crop farms have highest labor cost as portion of total cash expense” (<https://www.ers.usda.gov/data-products/charts-of-note/110172>), USDA-ERS October 15, 2024.

²Martin and Simnitt. “U.S. Fruit and Vegetable Industries Try To Cope With Rising Labor Costs” (<https://www.ers.usda.gov/amber-waves/2022/december/u-s-fruit-and-vegetable-industries-try-to-cope-with-rising-labor-costs>). USDA-ERS. Dec. 28, 2022.

³H-2A Adverse Effect Wage Rates, historical data for California, <https://flag.dol.gov/wage-data/adverse-effect-wage-rates>.

⁴Bureau of International Labor Affairs, *Child Labor in Mexico: Findings from the U.S. Department of Labor* (<https://www.dol.gov/agencies/ilab/resources/reports/child-labor/mexico>), U.S. Dept. of Labor.

⁵Perishable Agricultural Commodities Act (<https://www.govinfo.gov/content/pkg/USCODE-2010-title7/html/USCODE-2010-title7-chap20A.htm>). 7 U.S.C. Chapter 20A.

⁶C-280 (<https://www.parl.ca/legisinfo/en/bill/44-1/c-280>), the *Financial Protection for Fresh Fruit and Vegetable Farmers Act*. Parliament of Canada.

C. Enhancing Food Safety in North American Produce Trade

We have the most rigorous and effective food safety protocols in the world. Every day, 342 million Americans consume multiple meals with the confidence that the food they are buying, preparing and eating is safe and nutritious. Nonetheless, foodborne illnesses do occur too often and demand our fullest commitment to science-driven continuous improvements in the way we grow, harvest, process, package and deliver fresh produce. Our industry makes major investments in food safety. As an example, Western Growers is one of the two largest financial backers of the Center for Produce Safety, which has funded nearly \$50 million in scientific research to enable these continuous improvements.

However, we know that anytime a fresh produce item is the subject of a foodborne illness event, not only is there a human toll but every grower and processor of that item will feel the effects of the fear created by media reports. The economic consequences include the actual cost of recalls but especially the cratering of demand for the implicated item. Given our increased reliance on imported produce, it is not all that surprising that CDC data shows that between 1996 and 2014 more than half of all produce-related foodborne outbreaks were caused by produce sourced from foreign countries.⁷

Because of this historical record of outbreaks, the U.S. Government has increased its engagement and oversight in the produce sector. This has resulted in increased government inspections of domestic farms and significant private investment by the producers themselves in enhanced food safety systems.⁸ However, food safety compliance cannot stop at the border. In 2021, roughly 60% of all fruit consumed in the United States was imported and nearly 40% of all vegetables.⁹ Mexico is by far the largest exporter of produce to the United States accounting for 34% of all fresh fruit and 73% of fresh vegetable imports.¹⁰ USMCA renewal presents an opportunity for the United States to ensure that food safety oversight and standards are as vigorous in Mexico as they are domestically.

Closing

In conclusion, the trade partnership between the United States, Canada, and Mexico is highly valuable for our members. At a time of unprecedented trade uncertainty in markets around the world, losing this agreement and the longstanding zero-tariff access for U.S. product into our top two export markets would be a severe blow to our members' livelihoods. Western Growers strongly supports a renewed and improved USMCA to ensure our producers can continue to supply the best and most affordable fresh produce to consumers throughout North America.

I look forward to your questions,

Sincerely



DAVE PUGLIA,
President and CEO,
Western Growers.

The CHAIRMAN. Mr. Puglia, thank you so much for your testimony. Ms. Beyer, please begin when you are ready.

⁷ Gould, L. Hannah, *et al.* "Outbreaks of disease associated with food imported into the United States, 1996–2014." *Emerging Infectious Diseases* 23.3 (2017): 525.

⁸ Hamilton and McCullough. *Two Decades of Change: Evolving Costs of Regulatory Compliance in the Produce Industry* (https://digitalcommons.calpoly.edu/cgi/viewcontent.cgi?params=/context/agb_fac/article/1164/&path_info=2024_Final_Report_Lettuce_Regulatory_Costs_FI_NAL.pdf). Cal Poly, San Luis Obispo. Jan. 2025. (Regulatory costs comprised just 1.24% of production costs in 2006, then rose to 8.9% of production costs in 2017, and are now calculated at 12.6% of production costs) Note: Food Safety Modernization Act exempts certain smaller operations from mandatory FDA compliance, but USDA engages those operations on a voluntary basis to improve their food safety systems.

⁹ Zahniser, Steven. *Imports make up growing share of U.S. fresh fruit and vegetable supply* (<https://www.ers.usda.gov/data-products/charts-of-note/chart-detail?chartId=107008>). USDA-ERS. Jul. 31, 2023.

¹⁰ Riberia and Young. *Outlook of Fresh Fruits and Vegetables in the United States* (<https://www.freshproduce.com/siteassets/files/advocacy/2024.01.outlook-of-fresh-fruits-and-vegetables-in-the-united-states-luis-final.pdf>). Texas A&M. March 2024.

**STATEMENT OF JAMIE BEYER, MEMBER, EXECUTIVE
COMMITTEE, AMERICAN SOYBEAN ASSOCIATION, WHEATON,
MN**

Ms. BEYER. Thank you, Chairman Thompson, Ranking Member Craig, and Members of the House Agriculture Committee. It is an honor to join you today to testify on behalf of the American Soybean Association regarding USMCA. As Ranking Member Craig mentioned, my name is Jamie Beyer. I farm with my husband in Minnesota and South Dakota, where we grow soybeans, corn, sugarbeets, and alfalfa. I also serve as a member of the executive committee for ASA, which represents U.S. soybean farmers across 30 soy-producing states.

The U.S. soybean industry has a profound, positive impact on the U.S. economy, with the entire soy value chain generating an economic impact of \$124 billion in 2025. However, the trade uncertainty plaguing our industry this marketing year highlights the importance of stable, long-term trade relationships for U.S. soy. Soybeans are the largest agricultural export in the State of Minnesota and the U.S. at large. Robust international trade is a top priority for ASA, and we work together with the U.S. Soybean Export Council and the World Initiative for Soy and Human Health to continue operating and opening new global markets while maintaining long-term export customers.

According to the Agricultural Coalition for USMCA, which includes nearly 50 U.S. ag groups, including ASA, agricultural and seafood exports under USMCA generated \$149 billion in economic output, supporting nearly ½ million U.S. jobs and \$36 billion in U.S. wages. Since the USMCA was enacted, the value of ag exports to Canada and Mexico has increased by 47 percent compared to only 18 percent for the rest of the world. For the U.S. soybean sector, the importance of USMCA cannot be overstated. USMCA has provided stability and predictability for integration of North American agricultural markets, especially through the guarantee of duty-free treatment for soy and soy products.

In the last complete marketing year, Canada and Mexico together accounted for \$4 billion in exports, or just over 13 percent of total soy complex exports. In addition to this, Canada also remains the top export market for biomass-based diesel, a key value-added market for U.S. soy. USMCA upgraded NAFTA in several important ways, particularly through the inclusion of a strengthened chapter on sanitary and phytosanitary measures, which builds on the rules that already apply as part of the World Trade Organization's SPS agreement. The revised agreement also included a novel section on agricultural biotechnology that preempted disruptive trade barriers stemming from the use of genetically engineered traits. Both additions modernized the agreement for U.S. agriculture.

ASA's top priority in the 5 year review of USMCA is a wholehearted preservation of the trilateral agreement between the countries that maintains the comprehensive, duty-free access of USMCA, the WTO+ SPS chapter, and an effective dispute settlement mechanism. We support a full 16 year extension of the current agreement and do not advocate for major changes to existing provisions of the agreement. USMCA is critical for the U.S. soy-

bean sector and should be continued without creating disruptions or additional uncertainty. However, there are minor adjustments to USMCA that the three parties could consider, including adjustments that help the agreement better facilitate agricultural trade. These recommendations include setting maximum residue limits more effectively without undermining the effectiveness of regulatory approval processes, and harmonizing grain inspection across the three parties to minimize transportation delays and support efficient agricultural shipping. These small improvements to USMCA would benefit agricultural trade and prevent additional barriers to trade.

Again, ASA strongly supports a full 16 year renewal of USMCA without delay as soybean farmers continue to face a challenging economic landscape. Failure to renew USMCA would be catastrophic. Maintaining free, open, rules-based, and fair trade within North America is critical for the continued success of U.S. agriculture. USMCA in many ways is the gold standard trade agreement. President Trump negotiated this agreement, overwhelming bipartisan majorities supported it, and entire industries, companies, farmers, and families depend on it.

Thank you again for the opportunity to testify on behalf of U.S. soybean farmers. ASA appreciates the Committee's focus on the importance of USMCA renewal to the ag industry. I look forward to your questions.

[The prepared statement of Ms. Beyer follows:]

PREPARED STATEMENT OF JAMIE BEYER, MEMBER, EXECUTIVE COMMITTEE,
AMERICAN SOYBEAN ASSOCIATION, WHEATON, MN

Introduction

Chairman Thompson, Ranking Member Craig, and Members of the House Agriculture Committee, it is an honor to join you today to testify on behalf of the American Soybean Association regarding the United States-Canada-Mexico Agreement (USMCA). My name is Jamie Beyer. I am a soybean farmer from Wheaton, Minnesota, where I grow soybeans, corn, sugarbeets, and alfalfa alongside my husband, Rodd. I serve as a member of the Executive Committee for ASA. Our association, founded in 1920, represents U.S. soybean farmers on domestic and international policy issues important to the soybean industry. ASA has 26 affiliated state soybean associations representing nearly 500,000 farmers in the 30 primary soybean-producing states.

The U.S. soybean industry has a profound, positive impact on the U.S. economy. While we have long been U.S. agriculture's No. 1 export crop, half of our harvested soybeans stay at home for a variety of uses. A by-the-numbers look demonstrates the value of the soybean industry to our domestic economic health. The U.S. Department of Agriculture (USDA) estimates that over 80 million acres of soy were harvested in 2025, with production of 4.3 billion bushels. Soybean production accounts for more than \$4 billion in wages and over \$80 billion in economic impacts, according to a study by the United Soybean Board (USB)/Soy Check-off and National Oilseed Processors Association (NOPA). This economic impact does not include secondary soy markets and supporting industries like biofuels, grain elevators, feed mills, ports, rail, refining, barges, *etc.*, which bring the national total economic impact of the soybean value chain to a significant \$124 billion.

As the largest agricultural export in the U.S., robust international trade is a top priority of the U.S. soybean industry. In conjunction with our partners at the U.S. Soybean Export Council (USSEC), the World Initiative for Soy in Human Health (ASA-WISHH), USDA, and the Office of the U.S. Trade Representative (USTR), our industry is working actively across the world to open new markets and introduce new customers to the value of high quality, high protein U.S. soy. Opening new markets is just the beginning: Markets require time, attention, and long-term relationship maintenance to ensure that once a market is open to U.S. soybean exports, access remains unhindered.

In the most recent marketing year (MY) with complete data (MY 2024/2025), U.S. exporters shipped 68.7 million metric tons (MMT) of whole soybeans, soybean meal, and soybean oil to foreign markets, accounting for nearly \$29.6 billion in sales and 58% of U.S. soy production.

Canada and Mexico together accounted for \$4.0 billion in exports in MY 2024/25, or just over 13% of total soy complex exports. Mexico is the larger market for U.S. soy in North America, totaling \$3.3 billion in MY 2024/25. Two-thirds of that come from exports of whole soybeans, and most of the rest from soybean meal. Canada's most significant import from the soy complex was soybean meal, valued at \$531 million in MY 2024/25.

Benefits of USMCA

For the U.S. soybean sector, the USMCA and its predecessor, the North American Free Trade Agreement (NAFTA), have provided stability and predictability for integration of the North American agricultural markets, especially through the guarantee of duty-free treatment of soy and soy products.

USMCA also upgraded NAFTA in several important ways, particularly through the inclusion of a strengthened chapter on Sanitary and Phytosanitary (SPS) measures, which builds on the rules that already apply as part of the World Trade Organization (WTO) SPS Agreement. The SPS Chapter also included a new consultative mechanism that provides parties with a more formal mechanism to evaluate SPS barriers without the escalation of a full dispute. There are also new provisions around good regulatory practices, technical barriers to trade (TBT), and trade facilitation that are useful tools for the U.S. soybean sector.

The USMCA also included a novel section on agricultural biotechnology that preempted disruptive trade barriers stemming from the use of genetically engineered traits, including those related to low-level presence, authorization delays, and gene editing.

The new SPS chapter and agricultural biotechnology provisions were critical in resolving a dispute between the U.S. and Mexico regarding Mexico's barriers to the approval of genetically engineered crops—specifically, corn. As the Committee is aware, former Mexican President Andrés Manuel López Obrador issued a Presidential decree in December 2020 which called for a phase-out of genetically engineered (GE) corn for human consumption, as well as a phase-out for the herbicide glyphosate, by no later than January 31, 2024.

That decree was replaced in January 2023 by an updated decree which banned the use of GE corn in dough and tortillas, while also directing for the gradual phase-out of GE corn for animal feed and other forms of food for human consumption. Under the USMCA, the U.S. Government requested technical consultations with the Mexican Government under the SPS chapter with support from the Canadian Government. When those consultations failed to solve the issue, the U.S. filed a formal dispute under the USMCA dispute settlement chapter. After several years of uncertainty, the USMCA panel issued a ruling in favor of the U.S. case, stating that Mexico's decree was anti-science and contrary to its commitments under the USMCA.

This exercise showcases the importance of the agreement's updated rules, transparency mechanisms, and dispute settlement procedures. These provisions allowed the U.S. to overcome a potentially disruptive trade barrier while allowing the Mexican Government to make the case that its policies were science-based and consistent with the terms of the agreement. When that defense ultimately failed, Mexico repealed the most concerning measures. This recent dispute demonstrates the efficacy of these provisions included under USMCA and how important maintaining these provisions are for U.S. agriculture exports. While ASA played a supportive role in assisting both our counterparts in the corn industry and the U.S. Government, almost all soybean farmers also grow corn, and resolving a likely significant trade dispute illustrates how important the provisions of USMCA are for providing legal avenues to address potential trade disputes to ensure U.S. farmers maintain market access in these two critical economies.

Trade Certainty

For U.S. soybean farmers, the trilateral trade relationship between the U.S., Mexico, and Canada offers something that can be challenging to come by in other markets—stability.

As this Committee is aware, China is by far the largest customer for U.S. soy. Earlier in my testimony, I referenced the final sales data for MY 2024/25—68.7 MMT of whole soybeans, soybean meal, and soybean oil were sold to foreign markets, accounting for nearly \$29.6 billion in sales. Of those exports, nearly 23 MMT of soybeans were bound for China, which is almost solely a whole soybean importer.

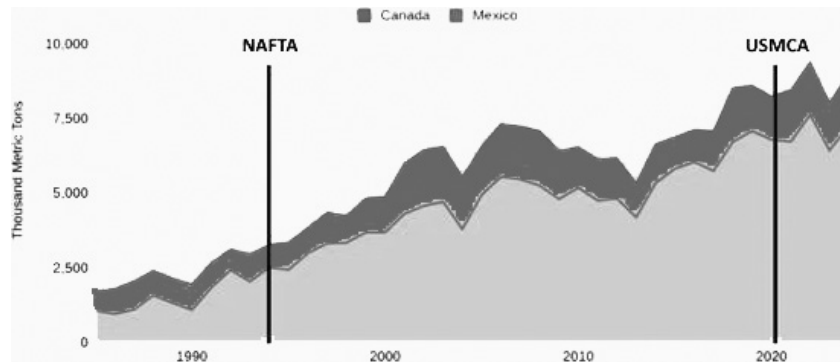
That volume represents 33% of U.S. soy complex exports and accounts for \$9.9 billion in value. On average, China imports more than 60% of all global soybeans—their appetite for oilseeds cannot be matched or overstated.

While the data sounds impressive, these numbers show a departure from typical marketing years for U.S. soy. Traditionally, this Chinese market represents over half of all U.S. soybean exports each year; in MY 2023/2024, China purchased 25 MMT of U.S. soy, accounting for 54% of U.S. soybean exports and representing \$13.2 billion in value.

The decrease in imports from China can be directly attributed to a reignited trade war between our two global economies following the U.S. imposition of tariffs under the International Emergency Economic Powers Act (IEEPA) and subsequent tariff retaliation by China. Tariffs imposed under the IEEPA authority—which this investigation seeks to replicate after the Supreme Court ruled the use of IEEPA was illegal—caused Beijing to retaliate and impose tariffs on U.S. soybeans. At one point, the tariff on U.S. soybeans to China was around 34%—a rate nearly as high as the tariff faced by our industry from 2018 to 2020.

While ASA is grateful for the temporary pause in trade hostilities between our two countries, and the purchase commitments agreed to in October 2025 in Busan, South Korea, the 12 MMT commitment for 2025 is a 50% decrease from typical soy exports to China. The 25 MMT annual commitment for 2026, 2027, and 2028 maintains the *status quo* for U.S. soybean export volumes to China. Additionally, China maintains a 10% tariff on all imported U.S. goods, including U.S. soybeans. As long as the 10% tariff remains in place, U.S. soybeans are not price competitive against beans of South American origin. The tariff precludes the Chinese private sector from participating in the U.S. market and ensures our only customers are Chinese state-owned enterprises.

Figure 1. Soy & Soy Product Exports to Canada and Mexico



Source: USDA GATS Database.

In contrast to the relationship with our Chinese partners, the North American trade relationship is the picture of stability for the U.S. soybean industry. Since NAFTA entered into force, U.S. soy exports to Mexico quadrupled, and exports to Canada doubled (*Figure 1*). Under USMCA, both markets have continued to grow over time.

Furthermore, the duty-free market access guaranteed by USMCA is not only beneficial for exports, but also for imports. U.S. soybean farmers are dependent on the global supply chain for critical agricultural inputs such as fertilizers, pesticides, seeds, and equipment. While the Trump Administration has utilized a variety of authorities to impose tariffs on trading partners, tariffs imposed under both IEEPA and Section 122 maintained exemptions for goods imported under USMCA.

The Executive Order imposing tariffs under Section 122 maintained access to the U.S. market for goods imported from Canada and Mexico, noting an exemption for “the articles that are entered free of duty as a good of Canada or Mexico under the terms of general note 11 to the Harmonized Tariff Schedule of the United States (HTSUS), including any treatment set forth in subchapter XXIII of chapter 98 and subchapter XXII of chapter 99 of the HTSUS, as related to the Agreement between the United States of America, United Mexican States, and Canada.” This is vitally important for U.S. agriculture, as over 87% of potash used by U.S. farmers comes across the border via rail from Canada. Where I farm in the Northern Plains, many farmers will often source replacement parts for tractors and other equipment from

across the border. Duty-free access to all three markets helps ensure market stability and keeps costs down. At a time when farmers continue to face skyrocketing input costs, maintaining the duty-free cross-border treatment of goods is critically important.

Agricultural Shipping & USMCA

The success of the USMCA is directly linked to an increased utilization of freight rail to move U.S. agricultural products into Canada and Mexico. Unlike the U.S. and Canada, which have an agreement allowing grain to crossover without reinspection, there is no such agreement between the U.S. and Mexico.

The lack of agreement between the U.S. and Mexico on grain inspection leads to reinspection of U.S. grain in rail cars crossing into Mexico, causing downtime and added costs which can trickle back to agricultural producers. For example, Mexico employs zero tolerance for the presence of soil in grain; whereas in the U.S. soil is considered foreign material and is allowed up to two percent for No. 2 soybeans and three percent for No. 2 corn. When Mexico finds soil in U.S. grain, fumigation is required at a cost of approximately \$70,000 per shuttle train and delaying transport by approximately 2 days. If an agreement could be reached between the U.S. and Mexico on grain inspection this could reduce transportation costs, leading to higher prices for farmers. An agreement also could potentially unlock additional transportation options for grain such as transport in containers, which are currently often railed back to Mexico empty because of the risk posed to rail carriers of having mixed freight trains stopped for 2 days to have grain fumigated.

Freight rail is a necessity for U.S. soybean farmers and the broader agriculture industry exporting product to Mexico and Canada, and the harmonization of grain inspection across the three countries would minimize transportation delays and support more efficient and cost-effective shipping options for farmers.

Conclusion

USMCA is in many ways the “gold standard” trade agreement. Upon its ratification during the first Trump Administration, the agreement enjoyed strong bipartisan support. Establishing similar, binding bilateral or multilateral agreements with other countries would benefit U.S. agriculture and help expand market-based policies.

It is nearly impossible to overstate the importance of maintaining free, open, rules-based, and fair trade within the North American continent for U.S. agriculture. Soybean farmers are facing the most challenging landscape in a generation. Failure to renew USMCA would be catastrophic. President Trump negotiated this agreement, overwhelming bipartisan majorities in Congress approved it, and entire industries, companies, farmers, and families depend on it. We hope that appropriate improvements can be made, but the 16 year extension under Article 34.7.3 must never be in doubt.

On behalf of U.S. soybean farmers, I thank the Committee for your attention to this important free trade agreement. ASA appreciates Chairman Thompson and Ranking Member Craig for using this hearing to highlight the importance of USMCA for U.S. soybean farmers and the agriculture industry at large. I look forward to your questions.

The CHAIRMAN. Ms. Beyer, thank you so much for your testimony. Mr. Schumpp, please begin whenever you are ready.

STATEMENT OF MICHAEL SCHUMPP, SENIOR DIRECTOR OF INTERNATIONAL AFFAIRS, MEAT INSTITUTE, ARLINGTON, VA

Mr. SCHUMPP. Thank you, Chairman Thompson, Ranking Member Craig, and Members of the Committee for the opportunity to testify today. My name is Michael Schumpp, and I am the Senior Director of International Affairs at the Meat Institute. I am here today to underscore the U.S. meat industry’s support for the U.S.-Mexico-Canada Agreement and to respectfully request that Members of this Committee work in consultation with the Trump Administration to preserve the agreement’s benefits for American agriculture.

The Meat Institute is the U.S.’s oldest and largest trade association, representing packers and processors of beef, pork, lamb, veal,

and processed meat products, and Meat Institute member companies account for more than 95 percent of U.S. output of these products. The U.S. meat industry supports more than 3.2 million jobs, providing \$205 billion in labor income, and generates \$912 billion in total sales. International trade is particularly vital for the long-term strength and growth of the U.S. farm economy. In 2025, U.S. meat and poultry exports exceeded \$23 billion, and exports to Canada and Mexico accounted for \$8 billion of that trade. That represents 35 percent of our total U.S. meat and poultry exports.

USMCA has fostered an integrated North American meat industry that has created opportunities for U.S. meat exports to flourish worldwide and for American agricultural producers, workers, and consumers to thrive. It is the world's gold standard trade agreement, eliminating most tariff and non-tariff barriers on U.S. meat and livestock products, and has yielded a predictable, transparent trade environment for American businesses, rural and agricultural communities, and American workers.

In 2025, Canada was the U.S.'s fourth largest export market for beef and pork by value and the second largest market for our poultry exports. Canada is the top market for U.S. processed pork products, like bacon, ham, and sausages, which boost the U.S. pork industry's revenue, while offering protection against volatile demand for these products in markets like China and Southeast Asia. Meanwhile, Mexico was the U.S.'s third largest beef export market by value and the top value destination for U.S. pork and poultry exports in 2025. Mexico is a key market for U.S. beef and pork variety meats, products like beef tongues and pork gels, which find stronger prices and consumer demand outside the U.S. Beef exports to Canada and Mexico added \$91 in value per fed head, and pork exports to both markets added more than \$28 per market hog in 2025. Maintaining this robust U.S. meat trade with Canada and Mexico is crucial to reclaiming America's agricultural trade surplus. Walking away from or significantly undermining the agreement would drive up the trade deficit, depress wages, spur increased processing capacity in Canada and Mexico to the detriment of U.S. agricultural producers, and raise costs for American consumers.

Canada and Mexico are also leading suppliers of livestock beef, pork, and poultry products to the U.S., illustrating the dynamic nature of the North American packing and processing economy. Imported products from our USMCA partners contribute to the resilience of the U.S. food supply chain, complement rather than displace domestic production, and moderate inflationary pressures driven by strong demand. In fact, imports from Canada and Mexico generate \$3.4 billion for American cattle producers and meat companies. Renewing USMCA is also imperative to our national security. The integrated supply chains across North America reduce dependence on adversarial countries for critical food and agricultural inputs, and have made the U.S. less vulnerable to geopolitical disruptions that could threaten our own economic and security interests, including our food supply. USMCA prevents competitors and adversaries from siphoning off market share that has been cultivated for decades by American farmers and ranchers.

Thanks to USMCA’s promotion of science- and risk-based trade, strong consultative and dispute settlement provisions, and enforceable access commitments, the U.S. meat industry is not subject to excessive and unwarranted regulatory regimes. USMCA ensures that within North America, U.S. exports and American farmers, ranchers, and businesses face the fewest regulatory barriers, and enjoy the most unfettered access to the Canadian and Mexican markets. When issues do arise, the agreement’s consultative provisions are appropriately designed to adjudicate disagreements and, crucially, enforce decisions to guarantee compliance. No other trade agreement can boast the same success.

I appreciate the opportunity to provide this testimony and stand ready to work with you to support the preservation of the USMCA for the benefit of the U.S. meat industry and the broader American farm economy. I look forward to taking your questions.

[The prepared statement of Mr. Schumpp follows:]

PREPARED STATEMENT OF MICHAEL SCHUMPP, SENIOR DIRECTOR OF INTERNATIONAL AFFAIRS, MEAT INSTITUTE, ARLINGTON, VA

Chairman Thompson, Ranking Member Craig, and distinguished Members of the Committee, thank you for the opportunity to present testimony today on behalf of the Meat Institute.

I am honored to participate in this important hearing to underscore the U.S. meat industry’s support for the U.S.-Mexico-Canada Agreement (USMCA or the Agreement), and to respectfully request that Members of this Committee work in consultation with the Trump Administration to preserve the Agreement’s benefits for American agriculture.

The Meat Institute is the United States’ oldest and largest trade association representing packers and processors of beef, pork, lamb, veal, and processed meat products, and Meat Institute member companies account for more than 95 percent of U.S. output of these products. The Meat Institute provides legislative, regulatory, international affairs, public relations, technical, scientific, and educational services to the meat and poultry packing and processing industry.

The U.S. meat and poultry industry is the economic engine powering the agriculture sector. According to a 2025 analysis, the meat and poultry processing industry contributes \$57.3 billion in value-added, nearly 584,000 jobs, \$40.6 billion in labor income, \$311.0 billion in total sales (output), and \$12.5 billion in local, state, and Federal taxes to the national economy.¹

Through indirect and induced effects, the meat and poultry processing industry generates significant economic activity in other industries, including livestock and poultry production, animal feed manufacturing, grain and oilseed production, truck and rail transportation, equipment manufacturing, and other sectors. When these indirect and induced effects are incorporated into the analysis, the total economic contribution of the U.S. meat and poultry processing industry is \$347.7 billion in value added, more than 3.2 million jobs, \$205.3 billion in labor income, \$911.7 billion in total sales (output), and \$77.0 billion in local, state, and Federal taxes.² Based on USDA Economic Research Service trade multipliers, U.S. meat and poultry exports contribute additional export activity of more than \$44 billion, supporting American workers, farm communities, producers, and companies along the meat and poultry supply chain.³

The domestic U.S. meat and poultry industry’s long-term economic viability, though, depends on robust international trade, particularly as domestic per capita consumption of meat and poultry remains stable, and 95 percent of consumers live outside the United States. International trade is, therefore, vital to the long-term strength of the U.S. meat and poultry industry, the American workers it supports, and the rural and farm communities it sustains. In 2025, U.S. meat and poultry exports exceeded \$23 billion; meat and poultry product exports to Canada and Mexico

¹“Industry at a Glance,” Meat Institute, accessed September 26, 2025, https://www.meatinstitute.org/Industry_at_a_Glance.

²*Ibid.*

³“Agricultural Trade Multipliers,” USDA Economic Research Service, USDA, updated July 2, 2025, <https://www.ers.usda.gov/data-products/agricultural-trade-multipliers>.

accounted for \$8 billion of that total.⁴ Annually, approximately 14% of U.S. beef production, 15% of U.S. poultry production, and 25% of U.S. pork production are exported. According to a 2022 report published by the Economic Research Service, U.S. agricultural exports support 86,127 jobs in the beef industry, 52,999 jobs in the pork industry, and 45,855 jobs in the poultry industry.⁵

Exports add value to every animal produced and in turn increase demand for U.S. corn and soybeans. For example, on average, pork exports contribute \$65 in value to each hog that is marketed in the U.S. and U.S. beef exports yield approximately \$400 in value per head of cattle. Consequently, the resilience of the U.S. meat and poultry industry is inextricably linked to U.S. trade policy and attendant initiatives that foster U.S. meat and poultry export growth.

The negotiation of USMCA resulted in the world's gold-standard trade agreement, and it has advanced U.S. meat, poultry, food, and agriculture trade in a manner that revitalizes American farm communities and supports broad-based economic growth. In addition to bolstering U.S. meat, poultry, and livestock trade, USMCA has led to increased market integration in North America, and must be preserved without significant changes that would disrupt the U.S. meat and poultry industry's substantial access to the Canadian and Mexican markets. This is especially important as farmers, ranchers, agricultural producers, and packers face higher input costs and market volatility.

The North American meat and poultry industry is among the most integrated supply chains globally, with regional cross-border trade in livestock and meat and poultry products exceeding \$16 billion annually.⁶ This integration supports American businesses, rural and agricultural communities, and American workers, boosts U.S. economic growth, stabilizes food prices, and strengthens American supply chains against shocks from less predictable, more adversarial trading partners. American farmers, ranchers, food and agricultural producers, and meat and poultry companies have built resilient supply chains to serve reliable consumers and customers across North America. Without USMCA's ambitious elimination of tariff and non-tariff barriers, American food and agricultural producers would be subject to less favorable terms that could displace our high-value, high-quality products in the face of fierce competition from the European Union (EU), Brazil, and China. USMCA ensures the U.S. upholds, rather than abdicates, its unrivaled leadership role within North America.

The Meat Institute supports the USMCA's continuation for another 16 year term, per the agreement's review procedures. Emerging trade irritants and barriers can be resolved using consultative mechanisms in the agreement or through other available bilateral and trilateral means. Avoiding a disruptive renegotiation is vital to preserving the predictability USMCA affords to American businesses and ensures its benefits will continue to reach American food and agricultural producers, farmers and ranchers, and meat and poultry companies. The ensuing testimony offers clear reasons for renewing the agreement with minimal revisions.

USMCA Advances American Economic Prosperity

The USMCA is the American meat and poultry industry's indispensable trade agreement, affirming preferential access to two of the U.S.'s largest export markets for meat, poultry, and livestock products, delivering stability and predictability to American farmers, ranchers, and processors, and supporting hundreds of thousands of American jobs and businesses across the rural economy that depend on robust regional trade to remain operational and sustain livelihoods.

In 2025, Canada was the U.S.'s fourth largest export market for beef (\$874 million), by value, the fourth largest value market for U.S. pork exports (\$759 million), and the second largest value market for U.S. poultry exports (\$611 million).⁷ Importantly, Canada is the top market for U.S. processed pork products, like bacon, ham, and sausages, which boost the U.S. pork industry's revenue, while offering protection against volatile demand for these products in markets like China and Southeast Asia.

Meanwhile, Mexico was the U.S.'s third largest beef (\$1.3 billion) export market by value, and the top value destination for U.S. pork (\$2.9 billion) and poultry (\$1.5

⁴ "GATS Home," USDA Foreign Agricultural Service, USDA, accessed February 2026, <https://apps.fas.usda.gov/gats/default.aspx>.

⁵ Monica Cordero, "Graphic: U.S. agricultural exports support 1.25 million jobs," Investigate Midwest, November 6, 2024, <https://investigatemidwest.org/2024/11/06/graphic-us-agricultural-exports-support-1-25-million-jobs/>.

⁶ "GATS Home," USDA Foreign Agricultural Service, USDA, accessed February 2026, <https://apps.fas.usda.gov/gats/default.aspx>.

⁷ *Ibid.*

billion) exports in 2025.⁸ Significantly, Mexico is a key market for U.S. beef and pork variety meat exports—products that find stronger prices and consumer demand outside the U.S.—including tripe, lips, hearts, jowls, and intestines. Furthermore, increases in U.S. pork variety meat exports, like stomach and intestines, to Mexico have offset losses to other markets, like China, in recent years, underscoring Mexico's status as a reliable trading partner, whose consumer demand for variety meats helps maximize carcass value for American cattle and hog producers, particularly as U.S. consumer demand for these types products lags.

The value of the Canadian and Mexican markets for U.S. meat exports, and in turn, the American farm economy, cannot be overstated. U.S. pork exports to Canada and Mexico in 2025 added approximately \$28 in value per hog slaughtered. That accounts for 43% of the total \$65.47 per head U.S. pork exports yielded in 2025. Beef export value per fed head slaughtered in 2025 averaged \$91, or 23% of the total per fed head export value of \$391.94. These values are not only signs of the substantial economic importance of Canada and Mexico for American ranchers, farmers, and meat exporters, but they will also grow more significant as meat and poultry access to China becomes increasingly precarious.

Although the U.S. imports more livestock than we export to supplement the domestic herd, American farmers and ranchers have availed themselves of the favorable terms established in USMCA, with Canada and Mexico consistently ranking as the top markets for U.S. live animal exports. In 2025, the U.S. exported 492,214 and 11,110 head of cattle to Canada and Mexico, respectively, with combined exports to these markets accounting for 92 percent of total U.S. live cattle exports. Furthermore, U.S. live hog exports to Mexico and Canada reached 57,270 and 6,929, respectively, in 2025.

These aforementioned figures would not be possible without USMCA, not only because the agreement provides duty-free and preferential access for American beef, pork, poultry, and livestock products, but also because it has substantially streamlined customs procedures, burdensome regulations, and other barriers that decimate businesses and stifle growth.

Moreover, American farmers, ranchers, agricultural producers, and meat and poultry companies rely on imports of meat and livestock from Canada and Mexico to complement domestic meat and poultry production, stabilize food prices, support American manufacturing jobs, and meet consumer preferences. Specifically, Canada and Mexico are the U.S.'s top two cattle suppliers. The importance of imported livestock rises when the U.S. herd is low, and American beef and pork processing plants, particularly smaller- and medium-sized establishments, need a consistent, stable supply of imported livestock to remain operational. No other countries have the capacity to economically and logistically fill critical livestock supply gaps.

Although imports from Mexico declined in 2025 due to the ongoing border closure stemming from the presence of New World Screwworm in the Mexican herd, the preponderance of imports from Mexico are typically lighter-weight cattle intended for stocker or feeder operations in the U.S. More than 60% of imported cattle from Canada are destined for immediate slaughter at U.S. facilities. Since 2014 (not including 2025), the average number of imported live cattle from Mexico and Canada has exceeded 1.94 million head per year, of which, on average, 537,978 cattle are intended for immediate slaughter, with 14,166 cattle reserved for breeding, and the balance of 1,388,412 cattle destined for feedyards.⁹ These cattle do not displace or undermine American-born cattle, but rather serve to expand American beef production to ensure domestic consumers have a steady supply of competitively priced, high-quality beef. American farmers and ranchers earn more to support their operations, and U.S. meat and poultry exporters are more competitive in global markets. The complimentary, revenue-generating nature of these cattle imports is evidenced by the fact that in 2023, with an average fed cattle price of \$174.71 per hundred-weight that year, imports from Canada and Mexico generated more than \$3.39 billion for American cattle producers and meat and poultry companies.¹⁰ Plus, in 2025, the U.S. imported 6,989,605 live hogs from Canada, mostly as feeders to be finished and sold as market hogs.

The economic gains for the U.S. farm economy stemming from Canadian and Mexican live cattle imports were not reserved only for the meat sector. Based on an average slaughter weight of 1,368 pounds and an average dressed weight of 825 pounds in 2023, cattle from USMCA partners each would have consumed an average of 35.91 bushels of corn and 0.66 tons of dried distillers grain with solubles

⁸*Ibid.*

⁹*Ibid.*

¹⁰Data extracted and analyzed from USDA Economic Research Service, <https://www.ers.usda.gov/>.

(DDGS), totaling 50,956,075 bushels of U.S. corn and 923,287 tons of U.S. DDGS in American feedlots. That translates to more than \$303 million in additional U.S. corn consumption and \$202 million in additional U.S. DDGS consumption.¹¹

Additionally, Canada and Mexico are two of the largest suppliers of beef to the U.S., with value exceeding \$2.8 billion and \$2.1 billion, respectively, in 2025. Canada is the largest exporter of both pork (\$1.1 billion) and poultry (\$576 million) products, by value, to the U.S., whereas Mexico is the U.S.'s third largest supplier of both pork (\$222 million) and poultry (\$46.8 million) products by value.¹² Because U.S. beef production is cyclical, partly due to drought and related impacts on pasture availability and feed costs, the American beef industry relies on imports to maintain its abundant beef supply to satisfy increasing domestic demand while the U.S. herd rebuilds. Imported beef is generally leaner than U.S. grain-fed beef, and consists primarily of frozen, boneless, manufacturing beef that enters channels for further processing. Imported beef is commonly mixed with high-fat trimmings from U.S. grain-fed cattle production to produce ground beef, hamburgers, hot dogs, meatballs and other manufactured items for food service and retail stores. These items are highly valued by consumers, and imported products from our USMCA partners help stabilize consumer prices, while minimizing pressure for U.S. meat and poultry packers and processors of all sizes, whose supply chains rely on a mixture of imported and domestically-sourced products to meet U.S. customer and consumer demand.

It is clear that USMCA's access terms—zero tariffs on most meat, poultry, and livestock trade—have underpinned American economic and job growth, particularly in rural and farm communities across the U.S. Trade in North American meat, poultry, and livestock products creates jobs and supports development in the American feed, transportation, processing, retail, and food service sectors, to name a few, with significant economic activity and investment for rural communities along the U.S.'s northern and southern borders. American truck drivers, rail operators, and logistics companies are all beneficiaries of the trade that has flourished under USMCA, with many of those jobs entirely dependent on continued, robust cross-border trade.

In border states, for example, Canadian and Mexican inputs are part of local and regional food systems, and this integration ensures American companies are capable of withstanding animal disease outbreaks, cyclical regional depressions in livestock availability, and natural disasters or other weather events that could severely impair domestic food and agriculture production in these areas. USMCA's favorable terms for American companies sourcing products from North America ensure American businesses and farmers stay afloat, while concurrently mitigating impacts on American food and agricultural output. American agricultural exporters, in turn, benefit from the fact that 90 percent of the Canadian population—more than 37 million people—lives within a 2 hour drive of the U.S. border. This proximity reduces transportation costs thereby enabling lucrative returns for American meat and poultry products in a culturally and economically similar market. Meanwhile, Mexico's growing population, rising middle class, and appetite for variety meats and offal not commonly consumed domestically safeguards the resilience of American meat and poultry trade against unpredictable regulatory barriers in other markets, while maximizing returns for American producers who enjoy a nearby destination for products that might otherwise be discarded or rendered for cents on the dollar.

Maintaining this robust U.S. meat trade with Canada and Mexico is crucial to reclaiming America's agricultural trade surplus. Walking away from or significantly undermining the Agreement would drive up the trade deficit, depress wages, spur increased processing capacity in Canada and Mexico to the detriment of U.S. producers, and raise costs for American consumers.

USMCA Reinforces American National Security

Additionally, renewing USMCA is a national security imperative. For one, the integrated supply chains across the U.S., Mexico, and Canada reduce dependence on adversarial countries for critical goods, including food and agricultural inputs, while also providing stable markets for American products when other countries renege on their trade commitments and obligations. For instance, China's pernicious suspension of American meat establishments over unjustified ractopamine and melengestrol acetate concerns, only reinforces the need to preserve and renew USMCA, not only because the agreement includes mechanisms to address and enforce behavior inconsistent with its provisions, but also because North America, led by the U.S., serves as a key economic and strategic counterweight to China's influence. By securing trade within North America, USMCA has made the U.S. less vul-

¹¹*Ibid.*

¹²*Ibid.*

nerable to geopolitical disruptions that could threaten our own economic and security interests, including our food supply. In short, trade with Canada and Mexico is not antithetical to American food and agricultural production and security, it is essential to sustain its strength.

The unparalleled, rules-based trading network that USMCA has established, which will be discussed at length in the next section of this testimony, is necessary to constrain the influence of authoritarian countries, like China and Russia, and economic competitors, like Brazil and the EU, that use trade and investment to wield power and expand their geopolitical leverage. For example, the EU has trade agreements with both Canada and Mexico. The Canada European Union Comprehensive Economic and Trade Agreement provides the EU duty-free access to Canada for pork, beef, and prepared meats, whereas the modernized Global Agreement with Mexico grants EU exporters tariff-free quotas for products such as pork loin, beef, and poultry legs. The EU's shirking of science- and risk-based trade is incongruous with North American agricultural production values and standards, and cannot be permitted to proliferate.

Even with these agreements in place, Canada and Mexico source meat, poultry, and live animals primarily from the U.S. thanks to our complimentary, integrated industries, and the significant investments both countries have made to maintain this trade fluidity with American farmers and ranchers. Preserving the USMCA will prevent the EU from gaining a stronger foothold in our neighbors' markets and will inhibit their ability to evangelize America's top trading partners to their protectionist regulatory requirements that have undermined U.S. exports in global markets. Similarly, Brazil has increased their beef and poultry exports to Mexico, and is now Mexico's second largest beef supplier after the U.S. Consequently, USMCA's extension in its current form will unquestionably secure America's position as the leading economic power and agricultural supplier in Canada and Mexico, by squeezing the ability of China and America's leading agricultural trade competitors to siphon off market share that has been cultivated for decades by American farmers and ranchers.

USMCA is the World's Gold Standard Trade Agreement

Since its entry-into-force, USMCA has advanced critical science- and risk-based sanitary and phytosanitary (SPS) principles, enshrined robust consultative and dispute settlement provisions, and secured binding access commitments that ensure a level playing field for American farmers, ranchers, agricultural producers, and meat and poultry companies.

The USMCA requires Canada and Mexico to employ science- and risk-based SPS analyses, measures, and certification and demands implementation of improved audit procedures, import checks, equivalence assessments, and transparency measures to facilitate and increase the predictability of trade across North America. Likewise, improvements to disciplines on technical barriers to trade (TBT), including strengthened alignment on standards and regulations, make it easier for American meat and poultry exporters to ship products within the USMCA region. Often, American farmers, ranchers, and meat and poultry packers and processors are subject to excessive documentation requirements, onerous audit processes, unfounded animal health and production attestations on export certificates, and unwarranted, nontransparent testing and residue requirements, particularly in markets in Asia, South America, and Europe. These requirements, while lacking in scientific rigor, succeed in undercutting American export potential to high-value, growing markets, most frequently disadvantaging America's agriculture sector. These challenges are compounded by the proclivity of an increasing number of trading partners to disregard the U.S. Department of Agriculture's oversight of America's food safety system and instead institute cumbersome plant and product registration processes that further restrict the export potential of America's agricultural producers and companies.

The USMCA's SPS chapter, on the other hand, ensures that in North America, U.S. exports and American businesses face the fewest regulatory impediments and enjoy the most unfettered access to the Canadian and Mexican markets. Importantly, USMCA's Committee on Sanitary and Phytosanitary Measures (Article 9.17) preserves this incomparable level of access for America's agriculture sector, by identifying, prioritizing, managing, and resolving bilateral and trilateral SPS issues to guarantee compliance with USMCA's provisions, while SPS Technical Working Groups (Article 9.18) are permitted to convene to address trade irritants. Similarly, the Agreement's Committee on Technical Barriers to Trade (Article 11.11) bolsters regulatory convergence and ameliorates collaboration to mitigate the adoption of

trade-inhibiting laws.¹³ Without these Committees and strong, binding SPS and TBT chapters, American meat and poultry producers and exporters could, in Canada and Mexico, be subject to the same excessive testing, documentation, and establishment barriers that preclude their access around the world. In short, the Agreement's complimentary and reinforcing SPS and TBT chapters are its crowning achievements.

In addition to securing comprehensive, enforceable SPS and TBT text, USMCA modernized and streamlined trade facilitation procedures, which have appropriately reduced regulatory burdens facing American agricultural producers, businesses, and exporters without risking food safety or the integrity of our stringent import protocols. The Agreement's Customs Administration and Trade Facilitation chapter focuses specifically on standardizing duplicative, discordant customs policies and augmenting regulatory transparency with the intended goal of efficiently and effectively processing imports and exports, while simultaneously establishing a Committee on Trade Facilitation (Article 7.24) to promote ongoing review of customs administration procedures and existing and emerging regulatory constraints.¹⁴

Finally, in addition to the aforementioned consultative mechanisms, the USMCA institutes multiple tools for addressing issues, resolving disputes, and enforcing trading partner compliance with rendered decisions. For example, a modernized Committee on Agriculture Trade (Article 3.7) provides a platform for parties to discuss technical issues and trade barriers. Meanwhile, the Consultative Committees on Agriculture (Article 3.8), the Working Group for Cooperation on Agricultural Biotechnology (Article 3.16), and the Committee on Good Regulatory Practices (Article 28.18) provide additional avenues for cooperation, collaboration, and resolving trade issues, culminating in a robust chapter on dispute resolution (Chapter 31). Equally as groundbreaking is the Agreement's Chapter on Labor (Chapter 23), which established the Rapid Response Labor Mechanism to penalize companies in Canada and Mexico for employing forced or low-wage labor to the detriment of American workers and companies.¹⁵ These monumental achievements have dissuaded American companies from outsourcing jobs to our North American partners and have enabled American workers to remain competitive with those in Canada and Mexico—this is not the case with trading partners in Asia and other markets, where the lack of strong labor protections disadvantage American businesses and workers and make our products less competitive.

Thanks to the preceding provisions, the American meat and poultry industry faces few trade-restrictive regulatory hindrances when shipping products to Canada and Mexico. When issues do arise, the foregoing consultative and dispute settlement measures are appropriately designed to effectively adjudicate disagreements and—crucially—enforce decisions to guarantee compliance. Other concerns, like labeling issues and rejected or refused shipments, are more aptly handled via close collaboration among technical experts at USMCA food safety agencies, including the U.S. Department of Agriculture's Food Safety and Inspection Service, the Canadian Food Inspection Agency, and the Servicio Nacional de Sanidad, Inocuidad y Calidad Agroalimentaria (Mexico), and through existing forums for cooperation, like the U.S.-Canada Regulatory Cooperation Council, which is empowered to tackle bilateral regulatory constraints. The Administration's implementation of its voluntary "Product of USA" regulation on January 1, 2026, which enforces compliance for USDA-regulated products that bear voluntary U.S.-origin claims before they enter commerce, appropriately advances transparent labeling without adding undue mandatory compliance costs for American meat and poultry producers. The voluntary nature of this regulation also ensures American ranchers, farmers, and meat and poultry companies remain competitive both domestically and in the North American market, whereas compulsory regulations would have the unintended effect of disadvantaging meat produced in America while expanding Canadian and Mexican meat processing capacity. These and other issues do not merit changes to the existing text of the USMCA, nor do they warrant termination or renegotiation of the agreement by any of the three countries. The USMCA's incomparable text is equipped to handle regulatory and legal disputes, as well as existing and potential trade irritants and impediments.

Inclusion of a side letter on common meat names between the U.S. and Mexico and the U.S. and Canada is the principal addition that could benefit U.S. meat and

¹³ "Agreement between the United States of America, the United Mexican States, and Canada," Office of the United States Trade Representative, last updated July 1, 2020, <https://ustr.gov/trade-agreements/free-trade-agreements/united-states-mexico-canada-agreement/agreement-between>.

¹⁴ *Ibid.*

¹⁵ *Ibid.*

poultry exporters—and it does not require revising or reopening the text of the agreement. Similar to the letter signed between the U.S. Trade Representative and Mexico's Secretary of the Economy upon the negotiation of USMCA that preserved market access for U.S. cheeses using common names, Mexico and Canada should sign a side letter presented by the Office of the U.S. Trade Representative (USTR) that affirms both countries' commitment to protect market access for a list of specific common name meat products. This is particularly vital as both countries have formal trade ties with the EU, which has pursued a concerted global campaign to co-opt common food and beverage names in trade and economic negotiations. As a template, USTR could use the letter on common meat name products that was negotiated with and signed by the Government of Chile.¹⁶ The Meat Institute supports that letter in its current form and offered guidance to ensure it comprehensively addresses the universe of terms that are at highest risk in global markets. Attempts by the EU to restrict common meat terms that have been in the public domain for decades, if not longer, are anti-competitive and protectionist. Such restrictions cause undue harm to American producers by imposing onerous labeling, rebranding, and associated production costs. These specious policies cannot be permitted to thrive in two of the American meat industry's largest and most reliable export markets. Including letters that prevent such abuses by the EU will allow trade in high-quality, competitive U.S. meat products bearing generic names to continue unabated.

Conclusion: USMCA's Renewal and Preservation Are Critical to U.S. National and Economic Security

By eradicating most tariffs on meat and livestock trade, streamlining regulatory and customs procedures and practices, mitigating and eliminating non-science-based trade impediments, and establishing mechanisms to resolve technical and other trade disputes, USMCA has been essential to the American meat, poultry, and livestock sector's unparalleled position within North America. Preserving the agreement is critical to the U.S. farm economy's future growth. The Meat Institute recognizes that other industries and sectors have legitimate and unresolved concerns, but these matters, along with any outstanding and emerging issues confronting the American meat and poultry industry, can be appropriately addressed by leveraging procedures outlined in the agreement that are designed for those purposes. Resolutions to these concerns must not be contingent upon concessions that would risk the continuation of USMCA. Doing so would imperil American national security and economic prosperity.

As previously discussed, Canada and Mexico are vital markets for U.S. meat, poultry, and livestock products, often claiming the top two spots, reflecting the countries' reliability as consistent importers of American farm exports. The economic significance of the Canadian and Mexican markets for the U.S. meat, poultry, and livestock sector is directly tied to the mostly duty-free, unfettered access American exporters enjoy in the USMCA region. Risking this access would undoubtedly permit other competitors to gain market share in two of the most stable markets for American farmers and ranchers, and would assuredly cause American companies who rely on the additional, predictable revenue generated by trade with Canada and Mexico to shutter. Conversely, preserving USMCA will continue to yield billions in American farm and agricultural income to support rural communities, American businesses, and American workers across the country.

USMCA offers unmatched certainty to American businesses, fosters resilient supply chains and efficiencies, and is inextricably linked to the U.S. Government's focus on fortifying domestic food and agriculture production. The agreement encourages significant investments by Canada and Mexico in U.S. infrastructure and trade with both countries supplies American farmers with critical inputs at competitive prices to maintain the U.S.'s status as having the world's most abundant, affordable, high-quality food supply. Strategic trade and economic integration with Canada and Mexico make the U.S. more capable of weathering animal disease outbreaks, cyclical depressions in livestock availability, and natural disasters that could impair domestic food and agriculture production, while providing confidence to consumers and customers that the North American market applies the most stringent food safety and public health standards that keep our populations safe and less vulnerable to events in other less predictable, more antagonistic regions.

In short, USMCA has been a boon for the American meat, livestock, and poultry sector, along with the broader American food and agriculture economy and ancillary

¹⁶“U.S. and Chile Sign Exchange of Letters to Protect Market Access for U.S. Cheese and Meat Products in Chile,” Office of the U.S. Trade Representative, June 28, 2024, <https://ustr.gov/about-us/policy-offices/press-office/press-releases/2024/june/us-and-chile-sign-exchange-letters-protect-market-access-us-cheese-and-meat-products-chile>.

industries. It has provided steady income to American farmers, ranchers, and meat and poultry exporters; it has created jobs for American truck drivers, ports, and transportation companies; it has buttressed American food retail and food service establishments; and it has accomplished these integral economic achievements through the implementation of transparent rules that allow American businesses to proactively plan supply chains and develop durable customer relationships. No other trade agreement can boast the same success.

I appreciate the opportunity to provide this testimony on behalf of the Meat Institute and stand ready to work with you to support the preservation of the USMCA for the benefit of the U.S. meat industry and the broader American farm economy.

The CHAIRMAN. Mr. Schumpp, thank you so much for your testimony, and, Mr. Herrington, please begin when you are ready.

**STATEMENT OF NEIL HERRINGTON, SENIOR VICE PRESIDENT,
AMERICAS DEPARTMENT, U.S. CHAMBER OF COMMERCE,
WASHINGTON, D.C.**

Mr. HERRINGTON. Chairman Thompson, thank you. Thanks to Ranking Member Craig and the distinguished Members of this Committee for this really important opportunity to talk about USMCA's impact on American agriculture. We at the U.S. Chamber are unabashed supporters of USMCA because the agreement has proven itself indispensable to U.S. businesses, farmers, growers, producers, workers, and consumers.

More than 13 million American jobs depend on trade with Canada and Mexico, and the USMCA has fostered U.S. economic growth in a manner that supports many additional high-wage positions. U.S. manufacturers export more Made in America goods to Canada and Mexico than they do to the next 12 largest U.S. export markets combined. Canada and Mexico are the top export destinations for more than 100,000 small- and medium-sized American businesses, including many family farms and growers, which benefit from the USMCA's first-of-its-kind provisions catering specifically to SMEs that serve as our economy's primary engine of job creation.

Our North American neighbors are also the source of critical imports essential to the competitiveness of U.S. industry and manufacturing, many of which are unavailable from domestic sources at reasonable prices or insufficient quantities. Indeed, no sectors embody the success of USMCA more than food and agriculture. Canada and Mexico are the destinations for a full $\frac{1}{3}$ of U.S. ag exports, totaling \$59 billion annually. Canadian and Mexican foreign direct investment in U.S. food sectors totaled \$17 billion in 2024, up more than 25 percent since USMCA's entry into force in 2020.

Best-in-class sanitary and phytosanitary rules have helped ensure transparency, information sharing, and science-based decisions on which U.S. food and ag interests rely in all three countries, and no sector better exemplifies the deep, intertwined supply chains and co-production which have become true hallmarks of the USMCA's efficiency. Canada and the U.S. boast deep, intra-industry connections that support trade within sectors and products, such as grains, feed, beef, and pork. Mexico and the U.S. enjoy a complementary trade relationship that sees grains, oilseeds, and meat flow South, while vegetables and fruit that the U.S. doesn't produce in the winter or insufficient quantities flow North.

As the Joint Review process advances, the Chamber's priorities are straightforward. First, maintain and strengthen the trilateral

rules of the USMCA that support jobs and enhance North American competitiveness. Second, provide certainty and confidence to investors and producers by completing a transparent, expeditious, and orderly Joint Review. And third, secure a renewed commitment to full compliance with the agreement and enforce the terms when compliance falls short, including in the food and agricultural sectors. My colleague, Michael, mentioned that Canada is falling short on USMCA compliance and implementation on dairy market access. Mexico is failing to adhere to its obligations related to the pace of approvals for agricultural biotechnologies and food products. And in imposing tariffs on Canada and Mexico, the U.S. is in violation of the USMCA's core commitment to maintain tariff-free trade within North America.

Section 232 tariffs on steel and aluminum, in particular, have adversely impacted prices of products, ranging from farm equipment to food and agricultural packaging. Indeed, today's hearing coincides, as you mentioned, Mr. Chairman, with the release of the Purdue report this week, which we find extremely instructive. U.S. households save an estimated \$700 annually on food costs in today's dollars, equivalent to roughly seven percent of household spending—food spending I should say—thanks to USMCA. Every one percent reduction in food tariffs is associated with an average 2.8 percent decrease in food prices over time. The benefits of tariff-free trade in North America are greatest for lower-income households, which spend a larger share of their budgets on food, and reversing USMCA tariff preferences would increase food prices and place additional pressure on household budgets.

I will close by echoing the message conveyed in a bipartisan letter to the U.S. Trade Representative last November by over 100 Members of the House of Representatives, including many of you on this distinguished Committee: "USMCA was truly a landmark agreement for American agriculture when it entered into force, and its positive impact on U.S. agriculture has yet to reach its maximum benefit. At a time when economic challenges threaten the livelihood of family farms, producers need certainty provided under the USMCA more than ever." The U.S. Chamber could not agree more with those sentiments, and we will continue working closely with all of you to ensure that the U.S. farmers, growers, processors, and producers who have been a true backbone of this country's economy can continue to leverage duty-free trade in North America to create jobs and drive growth.

Thank you again for the opportunity to testify, and I look forward to your questions.

[The prepared statement of Mr. Herrington follows:]

PREPARED STATEMENT OF NEIL HERRINGTON, SENIOR VICE PRESIDENT, AMERICAS
DEPARTMENT, U.S. CHAMBER OF COMMERCE, WASHINGTON, D.C.

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

Preserving and strengthening our North American economic partnership is a priority for the U.S. business community. The Chamber represents companies of all sizes across every sector of the economy. Members range from the small businesses

and local chambers of commerce that line the Main Streets of America to industry associations and large corporations.

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

Agriculture Under USMCA: Foundational to Exports, Rural Opportunity, and Supply Chain Resilience

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

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

U.S. farmers, ranchers, and producers also depend heavily on trade, with agricultural exports valued at \$171.3 billion in 2025 (a 3% decline from 2024). One in 4 acres of American farmland planted to meet the demand from customers overseas.

High standard trade agreements like the USMCA open foreign markets and level the playing field for U.S. goods and services, including American agriculture as a major beneficiary. U.S. exporters have seen the results. While U.S. free-trade agreement partners comprise just 6% of the world's population outside of the United States, they have regularly purchased nearly ½ of U.S. exports.

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

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

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

Mexico and Canada: Top Trading Partners for Agriculture

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

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

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

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

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

ico exports a wide range of vegetables, fruits, beverages, and distilled spirits to the United States, taking advantage of its growing season to supply products the U.S. doesn't produce in winter or in sufficient quantities.

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

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

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

Why the USMCA Matter for Affordability

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

- **The consumer affordability impact is meaningful.** A May 29, 2026, study commissioned by The Corn Refiners Association and the Agriculture Coalition for the USMCA from Purdue University's College of Agriculture ("**The effect of North American Trade on U.S. Food Prices**") uses BLS retail price data for 85 food items matched to NAFTA/USMCA tariff schedules and estimates that NAFTA-era tariff liberalization reduced the U.S. food price level by **about 22 index points (1993 = 100) by 2014** relative to a no-NAFTA counterfactual-equivalent to **roughly \$500 per year** in food-at-home savings for the average household.
- **Predictable, largely duty-free trade helps keep food prices lower over time.** The same study estimates that a **1 percentage point** reduction in preferential tariffs reduced **annual food price growth by about 0.6 percentage points**, with effects that accumulate over time (reaching roughly **2.8% after 10 years** per 1 percentage point tariff cut).
- **Cost is certainly essential for retail price stability.** The National Retail Federation, together with Canadian and Mexican counterparts, has emphasized that **predictable trade costs under the USMCA are key to maintaining stable consumer prices and retail competitiveness**, warning that uncertainty around trade rules and tariffs can translate quickly into higher operating costs and price pressure.
- **Trade certainty matters even more in food sectors facing already challenging economics.** As the National Restaurant Association notes, "**a fully operational USMCA framework is essential for maintaining low food costs, especially as restaurants and food distributors operate on razor-thin margins and remain highly sensitive to inflationary pressures. While much of the food served in U.S. restaurants is sourced domestically, imports from Canada and Mexico are indispensable for resilience and ensuring availability of product for consumers year-round.**"
- **The risk of losing affordability gains is real.** The effect of North American Trade on U.S. Food Prices study also projects that removing the USMCA tariff preferences (a "symmetric reversal" scenario) could raise the food price index by **about 12-13 points above baseline within a decade**—a reminder that predictable, enforceable rules are not abstract policy benefits, but a practical tool for protecting affordability for families and providing cost certainty for food businesses.

To be clear, the USMCA's value for agriculture should be understood not only in terms of market access for exporters, but also as a practical tool for keeping food

and agricultural supply chains efficient—and food more affordable—at a moment when affordability is a daily concern for American families and cost certainty is essential for food businesses.

USMCA: State of the Art Provisions

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

The USMCA provides clear, predictable rules that provide farmers, processors, exporters and investors with the certainty that they need to make business operating decisions. It maintains tariff-free access to the Mexican market for all U.S. goods exports. It maintains tariff-free access for nearly all U.S. products and eliminated some remaining barriers facing U.S. dairy and poultry exports. The agreement provides new market access for U.S. agricultural products, a fair non-discriminatory pricing plan, and improved grading standards for products. It also ensures that the U.S.¹ gains increased access to *Canada's*² dairy, poultry, and egg markets.

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

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

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

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

USMCA Compliance Priorities

The Chamber strongly supports the USMCA, but its benefits—particularly affordability and supply chain stability—depend on full implementation and compliance with the letter and spirit of the agreement. As the parties approach the scheduled joint review, several ongoing areas of non-compliance that warrant focused engagement and, where necessary, enforcement actions.

Mexico—regulatory delays and SPS/biotech market access

- **COFEPRIS delays for pesticides and agricultural chemicals:** Ongoing delays in registrations, marketing approvals, and re-registrations (including administrative updates) reduce predictability for U.S. suppliers and can disrupt access to essential crop-protection products.
- **Fresh potatoes access and predictability:** Continued attention is needed to ensure transparent, predictable access based on science, and to address efforts that would restrict commercially meaningful market access.
- **Agricultural biotechnology measures:** The United States has raised concerns about delays in biotechnology-related patent and licensing decisions, un-

¹ **Editor's note:** the hyperlink is a broad-based Google search using the term *US*. Due to typesetting constraints the link will not be replicated herein.

² **Editor's note:** the hyperlink is a broad-based Google search using the term *Canada*. Due to typesetting constraints the link will not be replicated herein.

underscoring the need to uphold the USMCA’s science-based commitments to provide predictable market access and prevent trade-distorting measures. And while the genetically engineered corn dispute has been resolved through USMCA dispute settlement, continued monitoring of Mexico’s compliance remains essential to ensure future measures remain science-based and consistent with USMCA market access obligations.

Canada—supply management administration and related barriers

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

Canada—additional import and retail barriers affecting U.S. exports

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

U.S.—Section 232 tariffs on Mexico and Canada

- **Tariffs have negative downstream consequences for the competitiveness of U.S. agribusiness.** A large share of North American trade consists of “intermediate goods”—parts, components, and materials used to produce higher-value products in the United States—so these tariffs land directly on downstream metal-users that support agriculture, including farm machinery and essential food and beverage packaging inputs such as cansheet. In practice, any narrow benefits to a small slice of upstream producers come at the expense of the much larger downstream manufacturing base that relies on competitively priced, reliable inputs; for every job protected in upstream steel production, there are roughly *80 Americans*³ employed by downstream manufacturers.

USMCA Dispute Resolution Working as Intended

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

The genetically modified (GM) corn dispute is a prime example of the USMCA’s robust dispute resolution provisions working as designed. When Mexico’s 2023 Presidential Decree imposed a “tortilla ban” on GM corn in human food products and a gradual substitution policy phasing out GM corn in industrial and animal feed use, the U.S. challenged both measures under the USMCA’s Sanitary and Phytosanitary Measures and National Treatment provisions. The December 2024 panel ruled against Mexico, finding the measures lacked proper scientific risk assessments and constituted unjustified import restrictions. Critically, Mexico complied swiftly—formally repealing the contested measures by February 4, 2025. The panel produced a binding, enforceable ruling with real teeth, the U.S. retained its \$5.6 billion in annual corn exports without escalating to tariff retaliation, and USMCA Article 31.19 preserves a clear path to reconvene the panel if future measures re-trigger violations.

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

³ <https://www.uschamber.com/international/how-the-steel-and-aluminum-tariffs-are-hurting-u-s-manufacturing>.

Agriculture and Trade Remedies: Prevent Escalation That Could Undercut USMCA

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

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

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

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

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

Conclusion

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

Sincerely,

NEIL HERRINGTON,
Senior Vice President, Americas Program,
U.S. Chamber of Commerce.

The CHAIRMAN. Mr. Herrington, thank you so much for your testimony.

At this time, Members will be recognized for questions in order of seniority, alternating between Majority and Minority Members and in order of arrival for those who joined us after the hearing convened. You will be recognized for 5 minutes each in order to

allow us to get to as many questions as possible, and I now recognize myself for 5 minutes.

The U.S. dairy industry has faced persistent challenges from Canada due to their unwillingness to implement their tariff-rate quotas in a way that allows full market access for U.S. dairy farmers. In 2025, the U.S. access negotiated under the yogurt and buttermilk quota was 4,135 metric tons, but only 382 metric tons were actually filled, representing just nine percent of the utilization Canada had already committed to. Given the challenges with Canada, what specific outcomes is the U.S. dairy industry seeking to create a more fair and balanced trade agreement with Canada? Mr. Lichte?

Mr. LICHT. Yep. First off, Chairman Thompson, I would just like to acknowledge your leadership with the Whole Milk for Healthy Kids Act of 2025 (Pub. L. 119–69). We, as participants in the industry, see that as such impactful legislation, not only for our farmers and our industry, but also for ensuring continued nutrition and access for our children and nutrition that tastes good, in our minds. Specific to your question, while we see that there are opportunities to improve upon what was negotiated as a part of the USMCA, I think one resolution that comes top of mind is for the quota that was given, is to allow the access and full use of that quota, and to provide more enforcement for the non-use of such quota.

The CHAIRMAN. Well, thank you for that. Ms. Sawin, your testimony talks about the U.S.-Canada softwood lumber dispute and discusses industry interest in addressing the dispute resolution process outlined in Chapter 10. Walk us through the current state of the conversations and what you expect to see as it relates to USMCA.

Ms. SAWIN. Thank you Mr. Chairman. Currently, the USMCA Chapter 10 Dispute Settlement System is a panel process that seats three members. Sometimes there are three from Canada, sometimes—or excuse me—sometimes there are two from Canada and one from the U.S. Sometimes there are two from the U.S., one from Canada. But what that results in is that the panels are often more political than they are adjudicatory, and they can compel Federal agencies to change the manner in which they enforce U.S. laws without a meaningful appeals process. The system is also incredibly slow and has been the source of significant delays in this particular dispute. The delays to date are—we are around 10 years in now, and the United States has collected close to \$8 billion, but the Administration is unable to liquidate these funds into the U.S. Treasury until the Chapter 10 disputes have been completed. We don't even have panels seated for many of them. So, we have submitted comments to USTR and have been engaged with USTR directly on this request to change Chapter 10.

The CHAIRMAN. All right. Thank you very much. Ms. Beyer, in your testimony, you discussed the Presidential decree signed by former Mexican President, Andrés Manuel López Obrador. This decree called for a phase-out of genetically engineered corn as well as a phase-out of glyphosate, despite a lack of scientific evidence to support these decisions. This policy would have been harmful to many U.S. and Canadian farmers. How did USMCA dispute settle-

ment process serve as a mechanism to resolve this conflict between the U.S., Canada, and Mexico?

Ms. BEYER. Thank you for the question, Chairman Thompson. As a corn grower, I am aware of those events, as we are in the industry. It is my understanding that the U.S., at first, consulted with Mexico with no resolution and then was able to request a Trade Dispute Panel to deal with the issue, and that Canada supported that initiative. The panel convened. It was able to review scientific evidence, legal arguments, and written testimony, and was able to come up with a plan for compliance with Mexico to have that issue resolved in a relatively timely fashion. So, what we have seen in that sort of example is, despite prior testimony, we were able to move this issue out of the political arena into a rule-based, legal process that utilized an independent panel and that supplied consequences if the country violated the commitments, and that the trade agreement becomes a path to compliance because there is that risk of losing the benefit of all those beneficial terms in the agreement.

The CHAIRMAN. Well, thank you very much. I am going to yield back what few seconds I have left. I now recognize the distinguished gentlelady from Minnesota, the Ranking Member, for 5 minutes.

Ms. CRAIG. Thank you, Mr. Chairman. Ms. Beyer, thanks for being here with us today. You know better than anyone how resilient Minnesota soybean growers are, but I also know that the last 18 months have been incredibly challenging. In ASA's comments to USTR on the importance of USMCA, it concluded by saying, "Failure to renew USMCA would be catastrophic." Given the market loss in China and the growth of Brazil as well as Argentina, would soybean growers be able to withstand the cancellation of USMCA, and what would that mean, practically, to growers across the Midwest, and how would the end of North American trade help our competitors?

Ms. BEYER. Thank you for the question, Ranking Member Craig. Soybean wouldn't choose to be in the spotlight as they have for the past 8 years. It has brought a lot of awareness to how our industry operates and our reliance on the export markets. So, USMCA for us is kind of a shining star because it provides baseline export market facilitation, but also is an example of how we can grow the industry under a trade agreement. So, in contrast to sort of the things happening with China where we are maintaining quota levels and maintaining trade, we have been able to successfully grow the markets into Canada and Mexico, so two times the exports over the life of NAFTA and USMCA to Canada and four times into Mexico. So, we consider it a big win, and it is very useful for us.

Ms. CRAIG. Thank you so much. Mr. Schumpp, in my State of Minnesota, turkey and pork producers are extremely dependent on trade across the northern border with Canada. If USMCA were not renewed, how would livestock supply chains be affected? What would it mean for livestock processing, along with producers in my state, in the cost to production?

Mr. SCHUMPP. Thank you for that question, Ranking Member Craig. So, as you know, USMCA has underpinned the growth of an extremely integrated North American meat and livestock industry

that is valued at over \$16 billion when you include all of our products. And so, livestock, typically from Canada and Mexico—live cattle, live hogs from Canada travel across the border multiple times often—those livestock imports help support operational capacity for American feedlots as well as for meat and poultry processing companies. And then the meat that is produced from those companies is then either shipped back to Canada and Mexico, exported to the world, or shared here domestically with our consumers. And so, if we were to disrupt USMCA, we would disrupt those critical supply of livestock imports as well as the meat that comes from those products.

Ms. CRAIG. Thank you so much. Mr. Herrington, a recent study by Purdue University found that the pass-through from tariff reductions under NAFTA and continued under USMCA are responsible for saving U.S. households roughly \$700 in grocery costs every year. Families are already struggling to afford food due to the tariffs, so as I see it, Americans are at jeopardy of losing these savings if USMCA is terminated. How would a further increase in grocery costs impact American families, and if USMCA were terminated, is there any plausible way to realize similar savings in the short-term through other policies?

Mr. HERRINGTON. Thank you so much, Ranking Member Craig. Thank you for recognizing the Purdue study. We agree with it. Its findings are incredibly important, underscoring USMCA's support for affordability, and at the end of the day, we believe it is consumers that really do benefit most from the efficiencies of the agreement.

Yes, in that study, it also indicated that for every one percent reduction in tariffs, you see a 2.8 percent savings—in household savings rate on food-related costs. It is most beneficial to low-income consumers because, obviously, low-income consumers spend a greater proportion of their budgets on food products. And exactly to your point, the study also shows conclusively that if we were to lose duty-free access and all the benefits that USMCA provides, consumers' household goods, specifically in food and agricultural products, would rise. There is no question about it. Thank you.

Ms. CRAIG. Well, I appreciate that very much, and, again, thank you to all of our witnesses. We know how important the renewal of USMCA truly is, and with that Mr. Chairman, I yield back.

Mr. LUCAS [presiding.] The gentlelady yields back. The chair now recognizes himself for 5 minutes, and I, too, want to thank our witnesses for being here today.

The USMCA expanded market access for U.S. agriculture, including for products and animal byproducts that do not hold the same level of demand in domestic markets. Mr. Herrington, to what extent do these export opportunities contribute to profitability and efficiency for producers and ag businesses, and what would the economic consequences be if these markets were reduced or lost?

Mr. HERRINGTON. Thank you very much, Congressman. In a word, if we lost these benefits, it would be *devastating* to American agriculture, and specifically to producers, processors, growers, and farmers, starting with the fact that more than $\frac{1}{3}$ of U.S. agriculture exports go to Canada and Mexico. Beyond that, it really—what we have seen—what duty-free trade and the certainty of the

agreement have provided are these incredibly integrated supply chains that are producing opportunities for producers, and growers, and farmers, and processors in this country, based on intra-company trade from Canada, complementary trade from Mexico. These create—and we have a lot of partners, especially in the American Southwest, which would talk about the jobs that these create in the U.S. The complementary trade with Mexico creates tens of thousands of jobs. Same thing on Canada because of the degree of intra-company trade being so strong and those supply chains being so strong.

So, absolutely, I mean your question goes right to the fundamental importance of preserving this agreement because it would be very damaging if it were to go away.

Mr. LUCAS. Mr. Schumpp, do you want to touch on that from the livestock perspective, selling those pieces and parts and interesting things?

Mr. SCHUMPP. Yes, absolutely. Thank you for that question, Congressman. So, as I mentioned in my opening testimony, trade with Canada and Mexico return at \$91 per head for cattle producers and \$28 for our pork producers, so maintaining that trade is critical from that perspective. But we also export to Canada and Mexico high-value cuts and as well as processed products in terms of our pork industry to Canada and variety meats to Mexico that don't often find demand in other markets, and all of that maximizes carcass value for our producers. The one other thing I wanted to mention on this there is the unintended consequence of leaving USMCA is that Canada and Mexico might then look to other trading partners and increase their own processing capacity that would hurt and harm our producers, workers, as well as consumers in the long run.

Mr. LUCAS. In my part of Oklahoma, the cattle industry is playing a key role in offsetting poor commodity prices and helping many of my constituents remain operational. So, how does the USMCA contribute to the profitability and efficiency for producers, continuing with your last point?

Mr. SCHUMPP. So, yes. So, the agreement, like I said, it helps to maintain strong livestock trade across North America, and so if we were to leave that agreement, what we would see is that trade disrupted, Canada and Mexico keeping more of their livestock within their countries, as well as our producers not being able to run at full capacity here within the U.S. Some of the livestock we get from Mexico and Canada go for feeding operations or direct slaughter, and so we would see areas of the country not be able to have feedlots operate at their full capacity, as well as our meat companies would struggle to have that stable supply of consistent animals to then produce food that is sent both here to consumers and exported around the world.

Mr. LUCAS. Switching gears, Ms. Beyer, your testimony mentioned the importance of the biotechnology provisions of the USMCA. What do these provisions mean for farmers when investing in new soybean varieties?

Ms. BEYER. Thank you for the question. It takes, we have been told, 13 years for a trait to be identified and to end up as a seed on a farm. And so, the pipeline for the development of technology

is always a decade old, and that has to do with our regulatory standards, our safety standards in the U.S. USMCA helps us capitalize on some of those efficiencies between the countries so we are not stacking those sorts of processes, that we can recognize each other's efforts in that. And then also, it contains commitment to finding pathways for new technologies so that that doesn't get bogged down by politics or rhetoric, that we have a commitment to make sure that we are continuing to work on regulating new traits as well.

Mr. LUCAS. Thank you. My time has expired. The chair now recognizes the gentleman from California, Mr. Costa, for 5 minutes.

Mr. COSTA. Thank you very much, Mr. Chairman, and I think it is important that we hold this hearing as negotiations are going on, as we speak, with USMCA. As I say all the time, food is a national security issue, and I think California certainly proves it. As a third-generation farmer, clearly, I know firsthand the challenges that we face. We are the largest agricultural state in the nation. We exported \$23.8 billion in farm products, about 44 percent of what we grow in California. They are such crops as almonds, pistachios, dairy, wine, walnuts, tomatoes, rice, grapes, strawberries, and citrus, just to give you a bit of the diversity. We think they are special. I am not sure—we have communication problems. When people go to the grocery store, they don't go to the specialty crop aisle, but that is another matter.

But people are hurting in farm country. Bankruptcies are up, and this something that is so critical as I go home every week to talk with my farmers, ranchers, dairymen and women. President Trump took NAFTA One and upgraded it. It needed to be done—Bob Lighthizer was very effective in that effort—put a new label on it, called it USMCA, “the best—greatest trade agreement ever known to mankind,” I think I remember when he signed it in 2020. And that may be, but the fact is, is that it is an important tool between our borders to the North and South, countries that we have had long-term relationships with. For the life of me I can't understand why we are not using that in the 5 year review period to deal with the differences as opposed to insulting comments like a 51st state and other such tactics that I don't think help the process. We need a deal, we must get a deal, and it must be trilateral, enforceable, and dependable. Farmers need certainty in our marketplace and not chaos.

Mr. Puglia, we have worked together for many years. I appreciate your good work with Western Growers on the specialty crops I talked about. It is the heart of agriculture not only in my district but in California, where growers compete every day in the North American market. Can you share a bit about the Perishable Ag Commodities Act and why it is important for our industry, and why it should be a part of the USMCA discussions with Mexico?

Mr. PUGLIA. Thank you, Congressman Costa, for the question. I appreciate that. Yes, the Perishable Agricultural Commodities Act recognizes that a producer of a perishable food product, in the event of the buyer going into insolvency or bankruptcy, can't pull the product back by the very fact that it is perishable. By the time the product has been delivered, the clock is running out on its usable lifespan, and by most standards, the product has been sold, the

revenue has been generated to the retailer or to the food service company, and the grower, of course, expects to be paid. And so, that is the heart of the Perishable Agricultural Commodities Act.

Mr. COSTA. We have among the highest standards in the country, California growers, correct?

Mr. PUGLIA. That is correct.

Mr. COSTA. And we want them to be strong and consistent in oversight. Can you give us one or two examples of imported food safety oversight enforcement that should be improved—you talked a bit about it earlier—and how the United States could use USMCA to secure that?

Mr. PUGLIA. Yes. Again, thanks for the question. Very briefly, I will put it in this context. In 2023, the U.S. FDA conducted 11,000 domestic inspections of produce operations, only 1,500 foreign inspections, even though we have a very significant share of fresh fruits and vegetables coming from abroad. I could show you a case of disparity between an American producer of a fresh produce product and a Mexican producer of the same product, in which case, the American producer was subject to much more rigorous standards, much more rigorous testing and follow-on activity from the FDA while the Mexican producer was not.

Mr. COSTA. And oftentimes—

Mr. PUGLIA. And so, I think that is an area for improvement.

Mr. COSTA. These are non-tariff barriers that we have to deal with, and I think if you could submit that information to the Committee, it would be helpful.

Mr. Schumpp, with the Meat Institute, you confirmed the New World screwworm in Texas. USDA has confirmed a new detection on June 3. In practical terms, when animal health issues, like the screwworm happens, what does it mean for U.S. beef exports?

Mr. SCHUMPP. Thank you for that question. First, I want to just state that New World screwworm is not a food safety issue, and USDA does inspect all of our animals before they go to slaughter and all carcasses before anything would enter the food supply. What we are happy to see is USDA's focus on regionalization and zoning agreements with our trading partners. There should be no impact, according to the World Organisation for Animal Health on any meat product exports, so we would expect those to continue to be exported around the world.

Mr. COSTA. Thank you. My time has expired, Mr. Chairman, but I would like to submit for unanimous consent, a letter that I sent earlier with regards to the issue of naming names like asiago, feta, gorgonzola, and their impact on the EU-Mexico trade deal takes effect. It is important that we get these brand naming things worked out, and I hope that is a part of the negotiation.

Mr. LUCAS. Seeing no objection, so ordered.

Mr. LUCAS. The chair now turns to the gentleman from Georgia, Mr. Scott, for 5 minutes.

Mr. SCOTT. Thank you, Mr. Chairman, and I, too, as Mr. Costa mentioned, the non-tariff trade barriers, am very concerned about the non-tariff trade barriers that continue to create challenges for us. But Mr. Puglia, recently a bipartisan group of 78 Members joined me in sending a letter to Ambassador Greer discussing the challenges for U.S. specialty crops that are harmed by the dumping

of Mexican produce into the United States, just making him aware of the challenges as we go forward with USMCA negotiations. Members from all over the country signed this, including Members from your state. What suggestions do you have that can help our specialty crop growers that are negatively impacted by Mexican imports? And again, we are for trade, we are for competitive and balanced trade, but it is the dumping of product into our country, specifically at harvest time, that is so challenging in my area.

Mr. PUGLIA. Thank you, Mr. Scott. I appreciate that question. I would just start by saying that I am a little envious of some of my colleagues here who represent a single agricultural product. I have 300+ different agricultural products that fit within the specialty crop category, and I say that because I have to be fair to my colleagues in the specialty crop industry who are not at the table. We are not of one mind on your question, sir, and I think you know that.

Mr. SCOTT. That is correct.

Mr. PUGLIA. But I think this goes to the point that it is a matter of fact-specific, situational circumstances. My colleagues in the Southeast have made a very compelling case, and I think that they have availed themselves of some of the trade tools that we have currently on the books. I would point, for example, to the tomato suspension agreement which was a quasi-adjudicatory process that found Mexico to be dumping, illegally, product in the United States, and as you know that suspension agreement——

Mr. SCOTT. Can you say that again?

[Laughter.]

Mr. SCOTT. They found Mexico to be dumping illegally into the United States?

Mr. PUGLIA. I am sure it was recorded.

[Laughter.]

Mr. PUGLIA. I am sure it was recorded, and as you know, the suspension agreement has been terminated, and there is now a 17 percent tariff, as a result, on Mexican tomatoes into the United States. And so, I think as we look at 300+ different crops, many of which are going across the border both ways——

Mr. SCOTT. That is right.

Mr. PUGLIA.—with value-add process along the way, I think you have to look at each case in a very specific way, and I think it—there are regional implications that vary across the country.

Mr. SCOTT. Trade is important, and it needs to be competitive and balanced. It is different by region, and it is different by the size of grower as well. Western Growers have many that grow on both sides of the border, and Mexico is a country that is our neighbor, and we need those good trade relations.

Ms. Sawin, I want to move to you. As you know, I represent south Georgia. The timber prices, specifically Southern Pine, is way down. You shared in your testimony that U.S. forestry industry has experienced 35 pulp mill closures, many of which are in my State of Georgia, resulting in \$800 million in annual forest revenue losses. Additionally, the U.S. pulp industry has seen an 18 percent year-over-year decline in exports to Mexico. What meaningful changes could be made in USMCA to better assist the U.S. forest industry, specifically with trade with Mexico?

Ms. SAWIN. Thank you, Mr. Scott. I want to be careful to not attribute the pulp mill closures primarily to trade policy because that would be a little bit misleading. The closures reflect long-term structural decline in domestic demand for pulp and paper products, so this is kind of a market problem, not a trade problem. We don't think that USMCA is necessarily the right tool for addressing mill closures or the material that used to go to the mills, which is the forest landowner issue that I represent.

Mr. SCOTT. Okay.

Ms. SAWIN. We think the right tool for that is fixing the Renewable Fuel Standard to create domestic demand for that low-value wood that these mills used to absorb, and that is NAFO's top domestic legislative priority, and it costs the Federal Government nothing.

Mr. SCOTT. I agree with you on the Renewable Fuel Standard issue. I don't agree with you on some of the other comments there, but that is just differences of—respectful differences of opinion. I will say this: the European Union Deforestation Regulation, in my last 15 minutes, is one of those non-tariff trade barriers that is extremely—an extremely unfair burden that has been put on major industries in our states. Would you at least agree with me with that?

Ms. SAWIN. Absolutely, and I think you will see that the EUDR, colloquially referred to, is a part of my written testimony.

Mr. SCOTT. Yes, ma'am.

Ms. SAWIN. It puts a significant compliance burden on U.S. growers and producers.

Mr. SCOTT. Yes ma'am. My time has expired, but I think it is interesting that the European Union has exempted some of their own countries from compliance with the EUDR.

Mr. LUCAS. The gentleman's time has expired. The chair now recognizes the gentlelady from North Carolina, Ms. Adams, for 5 minutes.

Ms. ADAMS. Thank you, Mr. Chairman, and thank you to the witnesses for your testimony.

I want to bring our attention back to the founding principles that made this agreement necessary. The USMCA was founded to be a mutually beneficial win for North American workers, farmers, ranchers, and businesses, and its intent is to bring greater overall relations and unity between North American partners, Canada and Mexico. However, we now entered a period where this deal, if not renewed with reforms, could do more harm than good because of this Administration's ruthless trade agenda, which includes using tariffs, or a threat of them, to force compliance and as a punitive foreign policy tool to achieve domestic policy objectives.

I represent North Carolina. In North Carolina alone, the USMCA has supported over 300,000 jobs through exports. Of these jobs, 36,000 and more were in my district, so I do understand the importance of the agreement, not only to the great State of North Carolina, but to my constituents in Charlotte-Mecklenburg. The USMCA is meant to be as good to our families as it appears on paper.

So, let me start with you, Mr. Herrington. According to data from USDA, North Carolina is the country's 13th largest agricultural ex-

porting state, shipping \$4.5 billion in domestic agricultural exports abroad. In 2025, Canada was the state's largest export market with \$8.6 billion in exported goods, and North Carolina also exported \$5.3 billion worth of goods to Mexico in the same year. So, without a strong trade agreement, North Carolina's exports to Canada and Mexico could face millions in extra tariffs and extra taxes.

So, what are the potential immediate risks to agriculture supply chains and the credibility of American farmers in leading agricultural states, such as North Carolina, if this renewal is postponed, or the 16 year renewal is not ratified?

Mr. HERRINGTON. Thank you very much, Congresswoman Adams. Absolutely, your question hits on some really important points. I think, certainly for North Carolina growers, producers, farmers, the agreement has been critical. What has also been critical is investment in the state from Canadian and Mexican companies, because of these integrated supply chains, have created jobs. I think the bottom line for us is that the agreement has really created certainty in terms of establishing rules of the road that companies can depend on, and that is why we are so focused on another 16 years of renewal for this because that is the certainty that companies need.

Ms. ADAMS. Right.

Mr. HERRINGTON. And that really translates, having all of—you put that together, and it forms a virtuous circle that benefits, at the end of the day, North Carolina consumers and consumers across the country with reduced costs.

Ms. ADAMS. Okay. So, clearly, the more significant consequences will manifest over time. Nonetheless, individuals in my district who depend on agricultural imports and exports must be able to strategize for their future rather than remain subject to uncertainty.

Now, Mr. Schumpp, U.S. farm trade is still running a deficit that is currently \$19.7 billion in the first few months of this year and estimated to climb to about \$450 million by the by the end of the year. For North Carolina, that national deficit hits close to home. My state leads the country in sweet potato production, ranks third in pork production, yet our farmers are absorbing high operational costs while trying to stay competitive across borders. So, given that record deficit, what specific enforcement tools should the U.S. advocate for in 2026 USMCA review to keep Canada and Mexico committed to American agricultural markets rather than turning to competitors like Brazil or the European Union?

Mr. SCHUMPP. Thank you for that question. I think that the most important thing for the meat industry in the U.S. is to maintain USMCA as it currently is. If we were to withdraw or make significant changes that would undermine the agreement, that would definitely give countries like China, Brazil, the European Union more access to those markets, which would undermine our ability to export there. Canada and Mexico would turn to those export markets, and that would only increase our trade deficit. For the meat industry, the way you turn around the agricultural trade deficit is to ensure a strong, healthy, vibrant, long-term USMCA.

Ms. ADAMS. Well, thank you very much. I only have 6 seconds, so I am going to yield back, and I will send my question to you, Mr. Herrington. Thank you.

Mr. LUCAS. The gentlelady yields back.

Ms. ADAMS. Thank you, Mr. Chairman. I yield back.

Mr. LUCAS. The chair now recognizes the gentleman from Nebraska, Mr. Bacon, for 5 minutes.

Mr. BACON. Thank you very much. I appreciate all of you being here today and your testimony and taking questions.

My first question is to Mr. Herrington. If you could, just briefly characterize: has USMCA been great for our exports and great for our economy?

Mr. HERRINGTON. Absolutely, Congressman. We have seen the—I think, a 25 percent growth in exports over the last—over the 6 years that USMCA has been in effect.

[Cross-talking.]

Mr. BACON. So, it is very important for us, in my view, to get it renewed. The President has negotiated, from his feedback, “about 19 agreements,” but they are more verbal. I think it is important that he get this on paper, if we get agreements, and get them approved through Congress so that we can start leveraging these agreements because I don’t see enhancements right now in our exports, whether it is corn, soybeans, beef, pork. But we haven’t seen any uptick in our exports on these verbal agreements that the President has had during these tariff negotiations. Have you seen any impact?

Mr. HERRINGTON. The reciprocal agreements, sir?

Mr. BACON. Right.

Mr. HERRINGTON. The reciprocal agreements, I think I would characterize them as kind of too early to tell.

Mr. BACON. Okay.

Mr. HERRINGTON. Most of them are a month or 2 old, a little bit more. So, I—

Mr. BACON. We need to get these on paper and get them to Congress and formalize them because it doesn’t do any good when the next President comes in and they get ripped up, so we got to turn this into action, in my view.

Mr. Lichte, if I may, you were talking a little bit about dairy and some of the issues there in the USMCA. Tell me if I am wrong or if I got this right. I understand that the USMCA has provisions that allow Canada to have some protectionist measures on dairy and, in turn, they gave us some on wood. Is that true?

Mr. LICHT. I guess as it relates to the impact on wood, I am not aware of that.

Mr. BACON. Yes.

Mr. LICHT. But in terms of what we were able to access, yes, we were given the ability to fulfill some quota limits. However, it is just they have not been fully used to this point, and we look for ways to be able to more fully fill those quota and be able to provide the consumers in that country American dairy products that can fill their needs.

Mr. BACON. I am of the view that we got to renegotiate this part of the USMCA, but I don’t really blame Canada for what they are doing because it is written into the current agreement, just as it

is for us on wood, though I think this an area that we can make better with a 5 year extension.

Back to Mr. Herrington, if I may. I have a lot of businesses in Omaha that I work with. I represent Omaha, and they are telling me some of the anger that they are hearing from Canadian counterparts in response to some of the President's comments about the 51st state. I think our tourism is down in half. They are canceling contracts. What are you seeing at the Chamber right now with our economic relationship with Canada?

Mr. HERRINGTON. It has been strained. It is—I think you characterized the impact on Brand USA in Canada very correctly in saying it has been a very challenging set of circumstances for our brands there, our companies operating in Canada. Also, in some of your districts here, I am sure you see convention visitors bureau numbers down from Canadian travelers. The numbers are down.

Mr. BACON. Yes.

Mr. HERRINGTON. So, this something that we are very focused on in trying to get this review completed and the negotiations completed because Brand USA is—

Mr. BACON. I am a sort of old school Republican or Reagan Republican. We are blessed to have an ally up North with the longest undefended border, and we have had great trade, and I just don't see where these slights and talking down to our neighbor has been helpful at all. I don't think it has gained us one advantage. One last question for Ms. Bayer—Beyer, excuse me—and Mr. Schumpp. How have global tariffs affected your industries? Are you seeing pushback?

Ms. BEYER. Thank you for the question. I think tariffs can certainly distort the market, and prices go down a lot faster than they pop back up. So, to your point, written, long-term trade agreements will give us the stability to be able to make investments and endure for the next generation.

Mr. SCHUMPP. Thank you for that. I will just add that what has been critical for us is all of the USMCA exemptions. So, for any compliant product, like meat and livestock, they have been exempted from all the tariff actions. And so, we would recommend that those be continued because that has been critical for our farmers, ranchers, and meat poultry packers and processors.

Mr. BACON. I will just close, and I appreciate your feedback. Republicans have long supported, like, pinpointed tariffs if somebody is treating us unfairly, but we haven't supported global tariffs since the 1930s. It goes against Milton Friedman, it goes against Adam Smith, and I just think it is—we have learned free trade, if it is fair, is the best for consumers, and with that, I yield.

Mr. LUCAS. The gentleman yields back. The chair now recognizes the gentlelady from Connecticut, Mrs. Hayes, for 5 minutes.

Mrs. HAYES. Thank you. The USMCA is critically important to my state and my district. I am from Connecticut, and trade with Canada and Mexico supports nearly 30,000 jobs in the district and more than 156,000 jobs across Connecticut. Together, our two North American trading partners purchase more than \$1 billion in goods and services from my district and \$5.5 billion from the entire state each year, making the USMCA critically important to our local economy. With the scheduled review of the USMCA approach-

ing, it is important to recognize what the agreement has provided for: stability. The predictability of USMCA is essential for export planning, production decisions, and investments for businesses and industries relying on cross-border supply chains, but the on-and-off tariff approach of President Trump has taken has led to price fluctuations and unpredictable market conditions. At a time when household budgets are tight, the USMCA is especially crucial as it helps support affordability by keeping North American trade predictable and stable for consumers as well as businesses.

My question is for Mr. Herrington. You mentioned that the U.S. Chamber of Commerce supports trade policies to make the United States the best place in the world to invest, build, hire, and innovate. How have the tariff policies implemented by this Administration impacted the work that the Chamber is doing to achieve these goals?

Mr. HERRINGTON. Thank you, Congresswoman. Duty-free trade, as you well said, has served North America and Connecticut extraordinarily well. That is 30 years of—since NAFTA came into force. The Chamber has been very clear, and recognizing something one of my colleagues said, it is important to recognize that the exemption of USMCA-compliant goods from tariffs has been an important step forward, certainly for our broader economy, for processors, growers, and consumers, and down the line. But the tariffs, specifically Section 232 tariffs that remain, are incredibly damaging both to businesses and manufacturers, hugely important and consequential in the agricultural food packaging.

Mrs. HAYES. Yes.

Mr. HERRINGTON. Forty percent of canned goods cost is represented in the aluminum itself.

Mrs. HAYES. Yes.

Mr. HERRINGTON. So, tariffs on our partners, such as Canada, who provide 80 percent of imported aluminum, are harmful to our economy. The Chamber has been clear about that, and so that is why with this review, we are—as I said in my opening remarks, we are very clear that duty-free trade exclusively needs to return to North America in the USMCA context.

Mrs. HAYES. Thank you. Canada and Mexico are not only our top trading partners, but we make things together, creating a highly integrated supply chain across a wide range of industries. For example, Connecticut imports certain types of metals, like copper, nickel, titanium, zinc, and lead, making up the largest portion of its imports from Mexico, over 61 percent. Connecticut families rely on these important metals to produce manufactured goods, including machinery, aerospace, and aviation parts, which account for more than 92 percent of all goods exported from our state, and Canada is the primary destination for these exports. Again, Mr. Herrington, if USMCA is not reauthorized, what kinds of imports do you expect to see in a state like Connecticut, which serves as an intermediary and cross-border supply chains?

Mr. HERRINGTON. Yes. It—

Mrs. HAYES. Not *imports*, *impacts*. I am sorry.

Mr. HERRINGTON. That is okay. Yes, I mentioned in my opening remarks, the criticality of both Mexico and Canada in providing the U.S. the intermediate goods, especially in metals—your metals ex-

ample is well taken—in that we can't either supply ourselves or are not affordable to produce in this country. And so, that is why, again, we at the Chamber are so focused on ensuring that this review leads to a return of complete tariff-free trade to North America.

Mrs. HAYES. Thank you, and thank you for your answers. They are most helpful. I yield back.

The CHAIRMAN [presiding.] I thank the gentlelady. The gentlelady yields back, and now I will recognize Mr. Mann from Kansas for 5 minutes.

Mr. MANN. Thank you, Mr. Chairman, and thank you all for being here today. I represent the 1st District of Kansas, which is one of the largest ag-producing districts in the country. I can wrestle with my friend here from Iowa if it is the largest or second largest, but the point is we raise a lot of ag products, and we have to have markets, both domestic and foreign, for these ag products. We also, by the way, have to have a great transportation network to get these products out of the fields, out of feedyards, to the mouths that are going to consume them.

I appreciate we are having this conversation. I think we got to remind everybody the USMCA was a 16 year deal, and there was a 6 year review period built in, which is incredibly important because I think, too often, we enter these trade deals, and there is no review period. And so, we look up after a few years and realize we are being taken advantage of, so I am glad we are having this conversation. I am glad this review time was built in to prompt some important conversations. Many times what happens is these non-tariff trade barriers enter in, as we all know, as for example, non-GMO corn going into Mexico, right? So, we have to have an opportunity to do a reset, and that is exactly what we are doing. I think it is healthy. It is good. I think the American farmer is going to benefit greatly in the long term by doing this.

Just a handful of quick questions. First off, for you, Mr. Lichte, and I was at DFA couple weeks ago, had Under Secretary for Trade, Luke Lindberg, there. The coldest and best milk in the country is at DFA's headquarters if you are ever passing through. I know I have taken the Chairman there as well, nodded head about that. But my question for you, in your testimony, you share that export demand now accounts for 17 percent of total milk production. U.S. milk production trends continue to outpace domestic consumption patterns, necessitating exports. What percent of all U.S. dairy exports go to Mexico and what percent go to Canada, and how important are these markets to support our domestic milk production?

Mr. LICHT. Well, first off, Congressman Mann, it is great to see you again. I appreciate the chance to be here with the Committee today.

I think in Chairman Thompson's opening comments, he referenced that the combination of Mexico and Canada represents around 40 percent of the export value, with Mexico being the largest of those two. Extremely impactful those trading partners that we have, and look forward, that they create such a foundation for the growth we see in milk supply that we are able to go access additional markets beyond that, but critically important to maintain

that because of the over-reliance we have of our milk to those consumers in those two countries.

Mr. MANN. Great, and similar question for you, Ms. Beyer, regarding soybeans. Soybeans are the top export crop in American agriculture: 2024–2025, my data says we exported 68.7 million soybean meal and soybean oil to foreign markets, accounting for 58 percent of production. What percent of U.S. exports are purchased by Canada and Mexico, and how important are these markets to the U.S. soy production?

Ms. BEYER. Thank you for the question, Congressman. Thirteen percent together is what we end up exporting to Canada and Mexico at a value of \$4 billion.

Mr. MANN. And how does that compare to other export markets, China and otherwise?

Ms. BEYER. So, China is a \$9 billion market, so Mexico is our number two, very important.

Mr. MANN. Okay. And then last, for you, Mr. Schumpp, on the meat side of things, meat and poultry exports support abroad ag supply chain, as we all know, whether it be fertilizer and fish bait production that rely on animal byproducts, or increased demand for feed crops, such as corn and soybeans, that go into the livestock that consumes that and then, of course, is harvested and exported. Can you explain how exports of U.S. meat and poultry products generate economic benefits across the broader North American ag industry?

Mr. SCHUMPP. Yes, absolutely. That is a great question. So, we export 25 percent of our pork production, 15 percent of beef, and 15 percent of poultry production. So, a decent amount of what we produce is exported, but a lot of what is exported is not consumed in high levels here in the U.S. So, that helps bring value back to producers, American farmers and ranchers, who are able to send some of those products that see higher demand elsewhere. It also generates additional revenue and income for our corn and soybean farmers, hundreds of millions of dollars, \$2.1 billion on the corn side. And to your point on transportation, it supports truckers and transportation networks and ports, so it supports jobs all across the country.

Mr. MANN. Great. Well, I see my time is expiring, Mr. Chairman. Thank you all again for being here, and again, I am glad that we are doing this review period at this very important time for American agriculture, and I yield back my 6 seconds. Thanks, Mr. Chairman.

The CHAIRMAN. I thank the gentleman for yielding back his 6 seconds. I now recognize the gentlelady from Ohio, Ms. Brown, for 5 minutes.

Ms. BROWN. Thank you, Mr. Chairman, and thank you to our witnesses for being here today.

For farmers, producers, workers, and communities across the country, trade policy is not theoretical. It determines whether farmers have stable markets, whether producers can compete on a level playing field, whether workers are protected, and whether communities have a real chance to grow. We know what happens when trade policies fail to protect domestic production. From NAFTA, to lax enforcement of unfair trade policies, to distortion

from competitors like China, too many communities experience plant closures, lost industrial capacity, and weakened supply chains, including the agricultural processing, transportation, and manufacturing networks that farmers rely on. And farmers are also harmed when trade policy becomes unpredictable and unstable when broad tariff actions trigger retaliation, raise input costs, disrupt export markets, and make it harder for producers to plan for the future.

Either we support a rule-based, enforceable North American trade policy that gives farmers, workers, and businesses certainty, or a chaotic, ham-handed tariff policy that harms farmers, raises costs for consumers, and gives China and other competitors an opening to capture market share. The USMCA was designed to be different: a stronger, fairer, and more enforceable North American trade framework that supports farmers and ranchers, protects workers, strengthens domestic industries, and helps communities like Cleveland compete in the 21st century economy.

So, Mr. Puglia? Puglia? All right. Can you share what labor enforcement tools should be strengthened in the USMCA review to ensure American farmers, growers, producers, and workers are not undercut by weaker or under-enforced labor standards, and how do we make sure the USMCA supports domestic agriculture production and food supply chains rather than creating incentives for production, processing, or investment to shift outside the United States?

Mr. PUGLIA. Thank you, Congresswoman, for the question. I will refer to the Independent Mexico Labor Expert Board, which was created by Congress as part of the USMCA Implementation Act (Pub. L. 116–113, United States-Mexico-Canada Agreement Implementation Act) itself, and that Board has periodically reported to the U.S. Department of Labor their assessment of compliance, or lack thereof, with USMCA's labor provisions in Mexico. I will just give you a couple of quick suggestions that that panel has made that we would concur with.

One of their findings is that the number of labor inspectors in Mexico should be increased. They found that for the population of the workforce in Mexico, approximately 60.5 million workers, there should be around 4,000 inspectors. There are only 660. So, that is—seems an obvious area where Mexico could step up its commitment to compliance with USMCA. They also suggest expanding access to trainings for Federal- and state-level labor inspectors on child labor protocols to ensure that guidelines related to identifying, sanctioning, and referring for criminal investigation of child labor violations are followed. And then finally, I think transparency is important, that the panel suggests collection and publication of information on the number of routine and unannounced inspections and, of course, of matters referred for criminal prosecution. And so, I think those and other suggestions made by the panel would all help remove some of the unfair practices taking place in Mexico that undercut American production in terms of cost of labor.

Ms. BROWN. Briefly, how should Congress think about USMCA, not just as a trade agreement, but as part of a broader economic and national security strategy to reduce dependence on China, pro-

tect farmers and producers, rebuild domestic capacity, and ensure communities like Cleveland are not left behind again?

Mr. SCHUMPP. I appreciate the question. So, as I had mentioned, on the economic side there is no replacement for USMCA. Our farmers, ranchers, and meat and poultry packers and processors rely on that integrated network, and the meat product and livestock trade that happens across our borders often multiple times. But Canada and Mexico either have a trade agreements with or are negotiating with China, Brazil, the European Union, so our competitors and our adversaries. If we were to walk away from the USMCA, these countries would surely gain more market share to our expense. And so, our ask is that USMCA be preserved and continued so that we remain the dominant supplier in Canada and Mexico, and that we continue to have unfettered access, preferential treatment in those markets compared to those other countries.

Ms. BROWN. Thank you so much. As we review the USMCA, we should strive for trade policies that maintain stable markets for farmers and producers, strengthen labor enforcement, build resilient supply chains, and rebuild domestic production rather than hollow it out, and with that, Mr. Chairman, I yield back. Thank you.

The CHAIRMAN. The gentlelady's time has expired. I recognize Mr. Feenstra for 5 minutes.

Mr. FEENSTRA. I just want to thank Chairman Thompson for holding this hearing today. I think it is very, very important. I want to thank our witnesses for being here today, and I want to thank you for your testimony. It was very impressive, and when you read through it, we understand that USMCA remains the gold standard for international trade policy, and for one of the largest integrated economic blocks—Mexico-Canada-U.S.—this provides us a roadmap for the most important regional supply chains in the world, and I am excited. I mean people can criticize or whatever, but to revisit and to reset this trade deal is paramount. I think it is just a great thing that that we are doing.

So, that being said, one of our areas that makes USMCA incredibly strong for our farmers is the facilitation of biotechnology and the SPS chapters that prevent non-science-based trade barriers. However, as we look for targeted improvements in these chapters, there are opportunities to better align pesticide maximum residue limits with *Codex* standards, and further enforce barriers to trade biotechnology. Mr. Beyer—Ms. Beyer, sorry—could you quickly explain the importance of USMCA assessing critical inputs for your farm and the benefits of maintaining strong SPS biotechnology provisions?

Ms. BEYER. Thank you for the question, Congressman. Certainly, if we can be more consistent among the three trading partners without impeding everyone's regulatory authorities. On the farm, everything we do from the start to finish is highly regulated, and so we rely on experts at EPA, certainly we rely on experts with the FDA for our final products, and so our systems are heavily integrated with science, and that doesn't need to be replicated. It doesn't need to be—concurrently run in other countries to accept our products and to accept our varieties. And so, as much as these

systems can be efficient, and I think one of the interesting parts about USMCA is the commitment to sharing information and transparency, and that is something that we benefit from.

Mr. FEENSTRA. Yes, I agree. I mean, sharing of information, and as long as it is factual, right? I mean, as long as it is research tested, research based, and to me, that is the critical criteria for all three countries that we embrace, and hopefully through the reset and through this review, we can continue to go down that path.

Mexico is consistently one of the most important export markets for Iowa pork producers, which is why maintaining a fair and rule-based trade relationship is so important. Mexico is one of the most important markets for the world when it comes to U.S. pork. Recently, we have seen Mexico initiate anti-dumping and counter-prevailing duties—AD and CVD—investigation into U.S. hams and shoulders. While every country has a right to enforce trade laws, these investigations must be based on facts, not used for political leverage. Mr. Schumpp, can you discuss why maintaining a fair, rule-based trade relationship under USMCA is critical for Americans' pork producers?

Mr. SCHUMPP. Thank you for that question, and to be clear, we view Mexico's investigation into those pork products as spurious. We don't see there being any merit to those claims.

Mr. FEENSTRA. Right.

Mr. SCHUMPP. And so, our members and the industry has had to undertake an expensive process to address Mexico's concerns. But in general, maintaining USMCA is going to be critical for our pork market access, and we believe that USMCA has the consultative mechanisms in place that can address any concerns, and they should be done in those ways, not through this type of an investigation.

Mr. FEENSTRA. Yes. I agree a hundred percent, absolutely, and I think 40 percent of our export in the pork industry goes to Mexico. I mean, it is very, very significant.

Mr. SCHUMPP. That is correct, yes.

Mr. FEENSTRA. Yes. So, we got to maintain it, but we also have to work with them to not have these issues come up. I got 46 seconds left. Quick, Mr. Lichte, talk about Mexico and U.S. dairy. This is an opportunity for us. We have always talked about Canada, but U.S. and Mexico have a great dairy opportunity here. Can you just talk about that very briefly?

Mr. LICHTHE. Yes. I would say it has had a great opportunity and continues to see—\$2½ billion of dairy exports are going into the Mexican market, and it is one that we want to continue to preserve and also try to offset any type of restrictions that we would have from European trade agreements when it comes to common cheese names.

Mr. FEENSTRA. That is exactly right. Thank you so much. Thanks again for your testimony, everyone, and I yield back.

The CHAIRMAN. I thank the gentleman. He yields back. I now recognize the gentlelady from Kansas, Ms. Davids, for 5 minutes.

Ms. DAVIDS of Kansas. Thank you, Mr. Chairman, and thank you for holding this hearing.

The United States-Mexico-Canada Agreement, or USMCA, is critically important to the State of Kansas. Kansas' two largest ex-

port markets are Mexico and Canada, and across the board, exported Kansas goods supported an estimated 55,000 jobs in our state. However, as we have heard, farmers are currently being just crushed by the Administration's tariff policies and resulting trade war. Nationally, over the last crop year, farm losses have reached \$28 billion, and farm income is projected to drop even further. The tariffs have also raised costs for everyday people, including on groceries, and in the wake of this chaotic tariff policy, the USMCA has provided a small silver lining for folks. The agreement has provided businesses and producers with trade certainty and market access. Amidst this chaotic and irrational trade policy that we have seen, it is estimated that USMCA's lower tariffs have saved American households approximately \$700 annually on groceries. I was here when we negotiated this. President Trump negotiated and signed USMCA into law. I was proud to vote for it. I believe it is a critically important tool and that the Joint Review process leads to the continuation of the USMCA.

Ms. Beyer, I am going to come to you first. In the public comment that was submitted to USTR, the American Soybean Association stated that the industry wouldn't survive an additional tariff battle with Canada and Mexico. And I am kind of going to follow up on the Ranking Member's question, given that Mexico is the second largest importer of American soybeans, can you give some insight into how USMCA helps to keep input prices lower, or conversely, how the termination of USMCA might exacerbate what is already a volatile and historically expensive input market—or environment I mean?

Ms. BEYER. Sure. Thank you, Congresswoman. So, we are talking both on the expense side and on the profit side. We are constantly being out-priced by Brazil. So, our land costs, our machinery costs, Brazil can beat us. They are at \$200 less an acre. They have room for mistakes. We don't. We are on the edge as far as profit goes, so every trade agreement is important, including that with our closest neighbors.

As far as inputs go, personally, fertilizer for my soybeans comes out of Canada, so it is a direct relationship and is sort of price sensitive. We have been seeing double-digit increases in all of our inputs is what is affecting us today. And so, even though, individually, each of these inputs, between pesticides, fertilizer, seed, machinery, are significant on their own, it is being compounded right now. And so, those pressures are being accelerated, and so positive press for USMCA and review is really important to our industry.

Ms. DAVIDS of Kansas. Thank you. Two hundred less, that is significant. Mr. Herrington, I was hoping to come to you next. I certainly appreciate the discussion of integrated supply chains and benefits for American consumers in your written testimony. And to follow on another of my colleague—they took all my questions.

[Laughter.]

Ms. DAVIDS of Kansas. But actually, it gives the opportunity—you mentioned aluminum and the increased costs when it comes to canned goods and that sort of thing. I was hoping you could kind of expand on that with potash and tinplate, and just if you could explain a bit about how that is impacted as well.

Mr. HERRINGTON. Of course. Thank you, Congresswoman. Yes, one of our biggest concerns at the outset, before USMCA-compliant goods were declared duty free, was certainly the tariff on potash. As I think we have talked about, I think that 80 percent of the potash we import, we import from Canada. And so, our farmers who faced tariffs on the export side, the potash piece was a huge component of their costs on the input piece, and so they were getting squeezed, as I think Ranking Member Craig well said at the outset.

So, I think the fact—that is exactly why we have to keep—so most potash that is USMCA compliant now remains duty free. It has to stay that way. We have to. This is—and the same pivoting to the aluminum piece and the tin—the tinplate piece. This a critical component in ag and food packaging. As I mentioned, it constitutes 40 percent of the cost of the product in this packaging, and with Canada as a key producer and provider of aluminum, at below market prices in most cases when it is tariff free, that it is a critical supply to reduce cost for producers and consumers.

Ms. DAVIDS of Kansas. Thank you.

Mr. HERRINGTON. Thank you.

Ms. DAVIDS of Kansas. Mr. Chairman, I appreciate the grace there. I yield back.

The CHAIRMAN. Sure. The gentlelady's time has expired. I now recognize the gentleman from Ohio, Mr. Taylor, for 5 minutes.

Mr. TAYLOR. Thank you very much, Mr. Chairman, and thank you, witnesses, more than usual, number of witnesses. Thank you for your sacrifice and your expertise. It is great to have you with us today.

Most of my district borders on the Ohio River. Agricultural trade has been and will continue to be vital to the farmers in southern Ohio. My district is primarily agricultural with 11,000 family farms. Canada and Mexico continue to be the two largest export markets for our crops, and I anticipate that will continue with the renewal of this agreement. Our neighbors to the North and South have been consistent partners in trade, but we should always remain concerned about what would happen if we didn't have those markets. We have seen time and again that when we lose market share, other countries jump in and take our place and it is almost impossible to get back. We saw that with Brazil and China in 2000. U.S. soybean sales to China were almost double what Brazil sent them, but today it is Brazil supplying nearly 70 percent of China's total soybeans.

So, Ms. Beyer, hypothetically, where would Mexico and Canada turn if this vital trade agreement went away?

Ms. BEYER. Thank you for the question, Congressman. At the end of the day, what I see when we are visiting customers is that they are looking for the highest quality they can afford, so sometimes it is a race to the bottom on who is going to supply those beans. In the U.S., when it comes to Mexico and Canada, we have the advantage of our rail system. So, thankfully with this 16 year agreement that stabilizes some of those trade routes and we can improve and strengthen our own transportation system, and that is to the benefit of other sectors, too.

Mr. TAYLOR. Thank you. Mr. Herrington, the more diverse our market options are, the better situated we will be to negotiate the

best USMCA for America. You have extensive experience up and down the Western Hemisphere. As we think about future trading partners, what countries do you see as most friendly and most likely to be great partners as we go forward?

Mr. HERRINGTON. Thank you for the question, Congressman. We are spending a lot of time focused on Argentina right now because of some of the reciprocal opportunities and the market-oriented opportunities that—the market-oriented reforms that Argentina is advancing. We want to further leverage the free trade agreements that we have with Colombia, with the CAFTA–DR countries. I think we want to stabilize the relationship with Brazil right now. It is an important U.S. trade partner as well, but I think 12 of our 20 FTA partners are in the Western Hemisphere, and that speaks to the importance, certainly, to your question of why, for U.S. exporters, these markets are important.

Mr. TAYLOR. Thank you. Mr. Schumpp, you have stated a few times today that any change to the USMCA would negatively impact the market for U.S. meat producers. At the same time, the producers in my district have numerous issues with the current arrangement. Is there really no way the USMCA can fairly be improved for American meat producers?

Mr. SCHUMPP. The meat in—so for us, the USMCA has, again, provided that \$8 billion worth of trade, \$16 billion when you count livestock. So, we think that the improvements to sanitary/phytosanitary measures, technical barriers to trade, other provisions in USMCA have really helped bolster our trade throughout North America, and we want to see all of that maintained. The Administration is using this as a blueprint in other regions of the world, and we appreciate and support that. The one addition we would suggest for USMCA has been brought up as well on common terms, common meat names. USTR is negotiating this in other markets, and we would like to see that added as a letter to the agreement because that would protect trade in products, like bologna, salami, *et cetera*, to our North American partners.

Mr. TAYLOR. Gotcha. Okay. Well, thank you, and just generally to the panel, is it fair to say that Brazil is our biggest threat to our participation in global trade agreements in the world of agriculture? Is there someone else that rivals their attempts to supplant us as suppliers to other countries? Is it fair to—is there another—is that fair to say or—

Mr. LICHTE. Well, I would say from a dairy perspective, I think the European Union and New Zealand are also major exporters from a global standpoint.

Mr. TAYLOR. Okay.

Mr. LICHTE. So, those would be ones we would look at from a dairy perspective.

Mr. TAYLOR. Okay. On the—

Mr. HERRINGTON. Same on the meat side: European Union pork, in particular; Brazil definitely on the beef front.

Mr. TAYLOR. Okay.

Mr. HERRINGTON. EU on geographic indicators, too, as some of the other members have said, a real problem because they export those to other trade agreements.

Mr. TAYLOR. Okay. All right. Well, again, thank you all very much for your time. I appreciate you being here. I yield back, Mr. Chairman.

The CHAIRMAN. I thank the gentleman. The gentleman yields back. I now recognize the gentleman from Illinois, Mr. Sorensen, for 5 minutes.

Mr. SORENSEN. Thank you, Mr. Chairman. Thank you to our witnesses for fighting on behalf of America's farm families. Sincerely, thank you.

I am proud to live in the hometown of Deere & Company, and I hear from farmers all across the country about the incredible uncertainty that exists today, largely caused by an Administration that is failing to solve serious issues in the ag sector. I hear from farmers each day about the high cost of diesel fuel that is needed in their green and yellow tractors, all because of an unwanted war in the Middle East. They can't take much more of this. In 2025, Trump's tariffs cost Illinoisans nearly \$9 billion, nationwide over \$133 billion, and that means that these tariffs are now a \$1,700 tax on each and every household. The Joint Economic Committee estimates that these costs will increase by 43 percent this year to \$2,500. That is on top of grocery costs, healthcare costs, and insurance costs. I will say it again: today's farmers are being asked to just make due when all they need is certainty.

China has always been our largest market for soybeans, but according to recent reports, the United States has lost \$14.9 billion in lost exports between March 2025 and February of this year as a result of Chinese retaliatory tariffs. That is why the North American market is so important. Illinois is the top soybean-producing state in the country and number two in corn production. Ag is in our Illinois DNA. The USMCA Trade Agreement is a vital part of providing the certainty that we need. Mexico is the top importer of American-grown corn. Nearly 35 percent of all corn grown in Illinois goes to Mexico, and Canada is our top importer of ethanol, purchasing anywhere between 30 and 50 percent of all American ethanol every year. Canada and Mexico combined purchased more than \$4 billion worth of American-grown soybeans, making it the largest national agricultural export. To say this essential is the understatement of the year.

As we get closer to the July deadline, I appreciate your willingness to come to the Committee, especially it is cold in here. There is a cold front that has come through, I am pretty sure. I appreciate your willingness to be here to help us do what is right for our closest neighbors, and the hardest-working people in America.

Ms. Beyer, I am going to begin with you. You mentioned in your testimony the Chinese ten percent tariff on U.S. soybeans, it causes our product to not be as competitive as South American-grown beans. Without the predictability of USMCA, what does this mean for our soybean market?

Ms. BEYER. Thank you for the question, Congressman. Since you brought up iron, we run green on my farm, and we recently had an autonomous tractor with tillage equipment attached demoed. That is a million-dollar deal.

Mr. SORENSEN. Wow.

Ms. BEYER. And so, when we are thinking about the types of investments we need to make on the farm, *versus* what we want on the farm, *versus* what we have any chance at affording these—these are big decisions, and so these long-term trade agreements help stabilize those sorts of plans.

Mr. SORENSEN. I want to piggyback on what my colleague from Kansas, Ms. Davids, had said. How important is it that we bring fertilizer costs down and then we produce fertilizer in America?

Ms. BEYER. Yes, thank you for the attention to that. I think it is interesting to think of both the cost of the fertilizer, the production and the timing.

Mr. SORENSEN. Yes.

Ms. BEYER. And so, sort of the latest round of panic in farm country really highlighted that there is limited production, scarce natural resources, and we have to be really careful at the interconnectedness of sort of the global ag economy.

Mr. SORENSEN. I want to open this up to everybody, and my time is limited. If the USMCA were not renewed, or if it were altered or we lost those zero tariff access, what would this mean for our economy, in your opinions?

Mr. HERRINGTON. A third of U.S. food and ag exports go to Mexico and Canada. I think that says it all. If we don't have that duty-free access, it could be potentially devastating.

Mr. SORENSEN. So, you all would agree that it would be devastating to our ag economy. We have to make sure that our trading partners are dealt with fairly. Yes, we have to make sure that we have healthy competition, but our farmers and agribusiness need certainty today. I look forward to working with my caucus and with my Republican friends to make sure that an extension makes sense for American workers and keeps farmers competitive. Thank you all so much. Mr. Chairman, I yield back.

The CHAIRMAN. The gentleman's time has expired. I now recognize Ms. De La Cruz from Texas for 5 minutes.

Ms. DE LA CRUZ. Thank you so much, Mr. Chairman, and thank you to all the witnesses for being here today.

My district sits on the border of Mexico and the United States, so the USMCA Agreement is of high priority for our area, not only to make sure that we include the 1944 Water Treaty (Treaty Series 994, Utilization of Waters of the Colorado and Tijuana Rivers and of the Rio Grande) into the USMCA Agreement, but to make sure that it benefits our local south Texas communities. There are so many things that we could talk about, but I am going to ask, Ms. Beyer, in your testimony you explained that the United States and Canada have an agreement allowing grain to cross the border without reinspection. That same agreement does not exist between the United States and Mexico, resulting in higher transportation costs for U.S. exports. What would be the benefits of aligning the reinspection policies across all three countries for transportation of ag commodities by freight rail?

Ms. BEYER. Thank you for the question, Congresswoman. Anytime there is reinspection of grain rail cars, it is going to add time and delay, and USMCA, one of the purposes of it is to discourage arbitrary barriers. So, in general, we would be looking for demonstrated need for those sorts of things. It does establish a working

group for cooperation, and I think that is also one of the benefits of this agreement.

Ms. DE LA CRUZ. But it establishes a working group. However, there is not an agreement with Mexico. So, what has been some of the challenges faced by not having an agreement with Mexico but having an agreement with Canada?

Ms. BEYER. So, I will give an example of the phytosanitary. So, Mexico has a different standard for the types of foreign material that comes in, and if a rail car needs to be fumigated, it is a 2 day delay and \$70,000, so that is an example of the real cost.

Ms. DE LA CRUZ. So, it would be an increase in cost? Is that what I am hearing?

[Nonverbal response.]

Ms. DE LA CRUZ. Okay. Wonderful. There is an important issue that is happening in south Texas, and that is the New World screwworm, which we have found some detections in south Texas. Two of the three have been in south Texas in my area. Mr. Schumpp, in your testimony, you highlight the trade imbalances between the United States and Mexico with respect, specifically, to cattle, cattle being an important industry in our area. Can you explain how imports from Mexico have historically helped supplement the domestic herd?

Mr. SCHUMPP. Yes. Thank you for that question. I just want to also reiterate that New World screwworm is not a food safety issue, those meat products remain safe to eat, and we welcome the work that is being done to address the issue on behalf of the industry. Our top priority is to the health of the herd here in the U.S., and that is number one.

So, Mexico typically does ship 1.2 to 1.3 million head of cattle to the U.S. per year. Obviously, that has not been occurring because the border has been closed the last year due to screwworm, but most of that cattle comes and goes into feedlots and feeding operations to support American farmers and ranchers, and that helps make sure that those feedlots can operate at full capacity. And so, Canada is the only other live cattle supplier to the U.S. that is logistically viable, so without Mexico, it has been a really big hit to the industry.

Ms. DE LA CRUZ. And that being said—I only have a couple more seconds here—is USDA has taken a number of steps to prepare for the New World screwworm outbreak in the United States, including a playbook beginning construction of a domestic sterile fly production in my area—Mission, Texas—and increasing sterile fly production in Mexico. What are you hearing from your members about the threat imposed by the New World screwworm?

Mr. SCHUMPP. Well, we are supportive of those efforts to address screwworm, so the sterile fly production, sterile fly dispersal, as well as other innovations that are currently underway, and our members are looking forward to working with you, with USDA to ensure that we can eradicate New World screwworm.

Ms. DE LA CRUZ. Thank you. I yield back.

The CHAIRMAN. I thank the gentlelady. She yields back. I now recognize Mr. Vindman from Virginia for 5 minutes.

Mr. VINDMAN. Thank you, Mr. Chairman and Ranking Member. So, Mr. Schumpp, I am highly concerned, as many of my colleagues

are, with the impact of the New World screwworm now that multiple cases have been confirmed here in the United States. Two states, is that correct?

Mr. SCHUMPP. Correct.

Mr. VINDMAN. And so, can you—just how big is the beef cattle industry in the United States?

Mr. SCHUMPP. It is very significant. So, we represent the meat packers and processors of the industry, and so the cattle is—

Mr. VINDMAN. Just rough order of magnitude.

Mr. SCHUMPP. Sure. It is the lowest it has been in 75 years, so I think around 80+ million head.

Mr. VINDMAN. And so, was is that? How many billion dollars is that industry? Any sense?

Mr. SCHUMPP. The total meat and poultry industry is \$912 billion, so.

Mr. VINDMAN. Okay, and how does the spread of screwworm affect our relationship with Canada and Mexico when it comes to beef exports?

Mr. SCHUMPP. That is a really critical point to raise there because there should not be any impact on our meat exports. The World Organization for Animal Health states that there should be no impact on meat trade. Livestock trade is different, so there will likely be impacts on live cattle exports, and those will be dealt with between USDA and the different competent authorities, but there should be no impact on meat exports or beef exports.

Mr. VINDMAN. And what about the screwworm? How do you anticipate it will impact beef prices?

Mr. SCHUMPP. There are—so just to reiterate, like I said, the cattle herd is the lowest it has been in 75 years, and so there are a lot of factors that impact prices. Tight supplies and strong record demand here are one of those factors, and so rebuilding the herd is going to be something that is critical to inject additional supplies into the market. Having screwworm doesn't aid in that process, but that is going to be—

Mr. VINDMAN. But you don't have—you don't have an estimate of potential impact on the—on the price of beef?

Mr. SCHUMPP. Not an exact figure—

Mr. VINDMAN. Okay. Will it—will it increase?

Mr. SCHUMPP.—because a lot of different factors impact it.

Mr. VINDMAN. Do you think it will increase the price of beef?

Mr. SCHUMPP. When you have tighter supplies and strong demand, there is the potential that you might see a price increase, but I can't say specifically that it would be tied. It is too early to tell the impacts of screwworm right now.

Mr. VINDMAN. Do you have any sense of how much was spent by the U.S. Government for U.S. aid programs or APHIS on monitoring screwworm so it didn't get to the United States?

Mr. SCHUMPP. I don't have a sense of how much was spent on it, but I know that we as the meat industry support APHIS having the resources to respond to New World screwworm, also from a trade perspective since they will be negotiating with our trading partners.

Mr. VINDMAN. Okay. And so, you would consider restoring fired staff to APHIS as a strong step towards eradicating screwworms?

Mr. SCHUMPP. The meat industry supports fully funding USDA and all of the important critical functions, including veterinary services, inspection services, and the like.

Mr. VINDMAN. And what can Congress do to ensure that the screwworm outbreak can be resolved as quickly as possible?

Mr. SCHUMPP. I am sorry. Did you say *Congress*, sir? I didn't—

Mr. VINDMAN. Congress.

Mr. SCHUMPP. Yes, *Congress*. I think working closely with USDA and ensuring that they have the resources necessary to be able to address this concern would be wonderful for the industry.

Mr. VINDMAN. Yes. I will just say, from my perspective, the cut to programs like USAID and APHIS by DOGE and this Administration seems penny wise and pound foolish at this point when we had a—screwworms were eradicated in 1966, and now, 60 years later, they are back because we cut a few million dollars from—even tens of millions of dollars from a program that affects a \$12 billion industry. So, I think the sooner we can restore that funding, regardless of what agency or Department it falls under, is better for our producers, and with that, I yield back.

The CHAIRMAN. The gentleman yields back. I now recognize the gentleman from Wisconsin, Mr. Wied, for 5 minutes.

Mr. WIED. Thank you, Mr. Chairman. What an opportune time it is to have this hearing, especially during National Dairy Month. I think the USMCA has been a great opportunity for our not only our dairy farmers, but also the producers in northeastern Wisconsin and, of course, across our great country. It has allowed our market in Mexico to continue to grow and easily cement ourselves as their biggest market. However, Canada continues to undercut the Wisconsin dairy industry. They have utterly failed to implement what they said, and the review process during that, it is of the utmost importance that that is addressed. This why I led a letter to Ambassador Greer last December with 73 of my colleagues—it was a bipartisan letter—20 of which are on this great Committee, including you, Mr. Chairman, asking the Administration to prioritize this exact issue with Canada. I thank all my colleagues who signed onto that letter for doing so, and I would like to submit it for the record here today.

The CHAIRMAN. Without objection.

[The letter referred to is located on p. 93.]

Mr. WIED. Additionally, last month, I hosted a roundtable with farmers and cheesemakers in my district on this exact topic. I want to thank today's witnesses to allow all of us to hear more about the deal's impacts and what else we in Congress can do to ensure that Canada and Mexico follow through on their commitments to provide more certainty for our producers.

I will start with you, Mr. Lichte. I might end with you. We are going to talk dairy.

[Laughter.]

Mr. WIED. I was proud to co-lead the bipartisan letter that was signed by 74 Members of Congress to Ambassador Greer last December urging the Administration to address Canada in the Joint Review. Wisconsin is home to world-class cheesemakers who depend on fair market conditions both home and abroad. Your testimony shows that the industrial cheese quota Canada committed to

under the USMCA saw only 64 percent utilization? That is over 5 years, correct, so which, obviously, is undercutting our cheesemakers' access to the markets. So, my question is what does it mean for cheesemakers' ability to compete if these issues go unresolved through a Joint Review?

Mr. LICHTER. Yes. Thank you, Congressman, and first off, I agree with you. June is a great month, so I appreciate your comment there. As it relates to specifically cheese and the cheesemakers from the United States, we were given the opportunity to fill a certain volume of quota, and we have not been able to do so, as you referenced. I think continuing to find ways to either enforce better use of these would be great, or to even open up the access to retailers, food service providers, or the like beyond just industrial ingredient manufacturers are ways for us to be able to, again, use what we were able to get and allow the Canadian companies to live up to the commitments made.

Mr. WIED. How can we hold Canada's feet to the fire better during this review, specifically?

Mr. WIED. Yes. So, I would say being able to provide greater, steeper penalties for those that would unuse the quota—the unfilled quota would be one avenue to use.

Mr. WIED. Let's talk about Mexico. I think there are a lot of wins there. Can you share any success stories with either DFA or specific farmers, would be great, that they have had with Mexico over the last 6 years with the implementation of the USMCA, which has been a big win. Can you tie any of those, like I said, back to farmers?

Mr. LICHTER. Yes. So, \$2½ billion worth of exports have gone to the Mexican marketplace. It is the largest export market for U.S. dairy, so it does have a very direct impact on the milk check that dairy farms receive each and every month, and I would say it is not just one state. It is many states around this country that have benefited from our exports into the Mexican market.

Mr. WIED. So, clearly, we have talked about some great wins with Mexico. Dairy farmers still have concerns. What can we do here in Congress to address—what concerns are those, and what can we do here in Congress to address those concerns?

Mr. LICHTER. We need to preserve the market access that we were able to get through NAFTA originally and then double down from a USMCA standpoint. I think over the last few years, we have seen some movements by the European Union to bring in some restrictive types of policies, including common cheese names, and I would say continuing to be able to provide action from a U.S. Government standpoint to preserve, again, what we are able to get, including the use of common names.

Mr. WIED. I am a little biased. I like dairy a lot, so sorry if I wasn't able to ask any questions of all of you great people. Thank you to all of you and appreciate your time here today. I yield back.

The CHAIRMAN. I thank the gentleman. The gentleman yields back. I now recognize the gentleman from California, Mr. Carabajal, for 5 minutes.

Mr. CARBAJAL. Thank you very much, Mr. Chairman, and I want to thank all the witnesses for taking time out of your busy schedules to be here with us today.

Mr. Puglia, it is good to see you again. As you know very well, specialty crops account for a significant portion of agriculture grown in my district on the Central Coast, which is also known as Paradise on Earth.

[Laughter.]

Mr. CARBAJAL. Specialty crops, just like other ag sectors, depend and thrive on healthy export markets. Strong and predictable trade relationships provide the certainty growers need to make long-term investments and support jobs throughout the agriculture supply chain. However, since Trump got back into office, 2.0, our export market and trade relationships with our neighbors have looked anything but healthy or predictable. Canada has long been an important export destination for U.S. agriculture products and a key market for California growers. Mr. Puglia, why is it important for your industry that the United States normalize trade relations with key partners like Canada?

Mr. PUGLIA. Thank you, Congressman, for the question. Good to see you, too. I referenced in my earlier comments that Canada and Mexico represent the first and second, in terms of rank destinations, for exported fresh produce from the United States. For California specifically, Canada is far and away the number one export destination for our products. I think the—one way to capture sort of the essence of your question is to reflect back on both the successes of USMCA in creating that highly predictable stream of commerce between three countries, but also what happens when there is disruption.

Canada, as you may recall, laid down retaliatory tariffs in 2025, in the order of 25 percent, in response to the IEEPA tariffs that we imposed on some Canadian products, and those retaliatory tariffs went, among other products, against fruit, such as all citrus, peaches, other stone fruit, melons, some vegetables, tomatoes, green beans, pecans on the tree nut side, and that resulted in loss of market quite immediately. If you look at the year-over-year data from 2024 to 2025, while those retaliatory tariffs were in effect for oranges, for example, the U.S. lost 34 percent of its sales to Canada. Egypt and Morocco picked up the balance. If you look at mandarins, United States lost 28 percent of its market to Canada. Morocco and Peru picked up the balance. And for peaches, the U.S. lost 18 percent of its market during that time period year over year. Chile and Mexico picked up the market opportunity.

And what we see, as we saw with China, is that when we lose a market for California products or western U.S. products in the produce sector, and true for others at this table, it is really hard to get that market back. You see others come in and displace us, and it is very hard to recreate that dynamic. So, I think that it is very, very important that we see USMCA renewed with some important changes so that we don't go back into the situation where these two most reliable trading partners feel compelled from time to time to slap retaliatory tariffs on U.S. ag products.

Mr. CARBAJAL. Thank you. Mr. Puglia, you mentioned in your testimony that, while our reliance on imported produce has grown, so has our need for strengthening food safety compliance over foreign produce. Can you give us one or two specific examples of how imported food safety oversight and enforcement should be im-

proved, and how should the United States use the USMCA process to secure that?

Mr. PUGLIA. Again, thank you for the question. I mentioned earlier that in 2023, FDA conducted 11,000 domestic inspections on food safety grounds, only 1,500 of foreign facilities, foreign growers. We don't need to see those numbers rebalanced when you consider the fact that so much of our produce is imported from abroad—60 percent of our fruit 40 percent of our vegetables—and the lion's share of that from Mexico. So, we specifically in our comments to Ambassador Greer call for USDA to stand up and FDA to stand up a more robust on-farm inspection verification system in Mexican operations. We don't have the same level of concern with respect to Canada, but we do with respect to Mexico. There have been cases that show dramatically different approaches by the Federal Government when it comes to a domestic producer with a food safety outbreak *versus* a Mexican producer, and without going into those details, it is wildly different. And so, there is an opportunity to use the USMCA renewal process to bring Mexico further along so that we have a more equalized approach to food safety, which, of course, benefits the consumers we serve.

Mr. CARBAJAL. Thank you so much. I am out of time. Mr. Chairman, I yield back.

The CHAIRMAN. The gentleman's time has expired. I now recognize the gentleman from Pennsylvania, Mr. Bresnahan, for 5 minutes.

Mr. BRESNAHAN. Thank you, Mr. Chairman, Ranking Member, and thank you to all the witnesses for being here this morning.

The USMCA provides the market access that our farmers, ranchers, and producers depend on every day. Canada and Mexico are among our largest agricultural trading partners, and reliable access to those markets helps support farm income, sustain rural jobs, and keep American agriculture competitive. But when I talk with farmers across northeastern Pennsylvania about trade, one word comes up time and time again, and that is *certainty*.

Farming is a long-term business. Producers make decisions months and often years in advance about what to plant, what equipment to purchase, and how to invest in their operations. That is why certainty surrounding the USMCA review process is so vital. It gives farmers the confidence that they need to plan ahead, manage risk, and continuing to invest in the future of their farms and their businesses. When trade relationships are predictable, farmers can focus on growing their operations rather than worrying about disruptions to the markets they rely on. A clear and transparent review process helps provide the stability producers need to succeed, compete, and continue feeding our country and the world.

So, my first question is for Mr. Herrington. Could you provide some examples of policies that have disrupted the agreement's intended balance and share any recommendations for the negotiators ahead of the Joint Review that is scheduled this summer?

Mr. HERRINGTON. Thank you, Congressman. I appreciate that question. The U.S. Chamber, as I think a few of you know, has been very focused on the issue of compliance and enforcement in this agreement. Each of the three countries has work to do in this regard. We are very focused. Starting with Mexico, I talked specifi-

cally in the ag space about biotechnological approvals, and that goes for the broader health space as well, approvals in Mexico's agency called COFEPRIS. Certainly, there are challenges in Mexico on energy which affect our companies. There are challenges in government procurement, and in Canada, we have talked about, certainly, the ag-specific and the dairy sector, the impediment there. We have talked about—we have not talked about some of the real digital trade challenges that Canada is posing. And then obviously here, in terms of—I couldn't agree more with you on certainty, on the theme of certainty, and we need duty-free trade back in USMCA to restore that certainty you are talking about for producers, growers, and consumers.

Mr. BRESNAHAN. I appreciate the term of *certainty* today because that is one thing we hear time and time again is knowing where the goalposts are and knowing how to row the boat towards that same common goal. When you mentioned Mexican energy, what are some of the ideas or shortfalls? Is it all—"D," all of the above relevant to energy? Is it generation? Is it transmission? Where do you see the biggest impetus in actually getting more electrons on the grid?

Mr. HERRINGTON. Yes, it is a great question because it impacts so many of our companies working in Mexico. The main issue is challenging Mexico's attempts to tilt the playing field in favor of state-owned actors. So, you have PEMEX, you have CFE, the electricity provider, which are—have put U.S. providers to the back of the line, so that is the first—that is—the first area is leveling the playing field. We at the Chamber have been clear that USTR should bring a case—we have brought this up including in the last Administration, we have made the case to the—to this Administration to bring a dispute resolution case. I am more optimistic than I have been that this review process, because of the 53 specific areas that have been put on the table, that these are going to be addressed because Mexico has committed to USTR to address them as part of their review. We will see. We will see.

Mr. BRESNAHAN. I appreciate it. For Mr. Puglia, can you elaborate on the challenges U.S. specialty crop growers are facing from Mexican competition, and please provide any recommendations that Congress could be taking to help offset those concerns, and how they could be addressed?

Mr. PUGLIA. Thank you for the question. I think there are two different sides of this coin. One is the integrated nature of the fresh produce industry between the three countries, and that includes Mexico. Many of my members produce their products in both the United States and Mexico for seasonality reasons being a large share of it. Some of it is cost of production. California, where most of my members are, is a very high-cost-of-production state. But having said that, the linkages between the countries work pretty well.

Where we have called for changes in USMCA that could help American producers—fresh produce *vis-à-vis* Mexican producers, as mentioned earlier, are in the areas of labor standards enforcement, compliance with USMCA's requirements of Mexico to make good on its commitments in the labor enforcement arena. We have also suggested new provisions to upgrade Mexico's performance on food

safety. Particularly, FDA needs to be more aggressive in performing audits and food safety inspections onsite, especially after an outbreak has been traced back to either a region or a specific farm in Mexico, just as they do with domestic producers in the United States. So, I think those would be the two areas where we would see the most opportunity.

Mr. BRESNAHAN. I appreciate the testimony. I yield back, Mr. Chairman.

The CHAIRMAN. The gentleman's time has expired. I now recognize the gentleman from New York, Mr. Mannion, for 5 minutes.

Mr. MANNION. Thank you, Mr. Chairman. Thank you to our witnesses. Mr. Lichte, I am going to focus my questions towards you, and I certainly want to look at Canada's dairy tariff-rate quota problem, not just as a farm income issue, but also as a manufacturing and jobs issue. And I know that you made reference to this in your opening statement and in your answers to my colleague, the Congressman from Wisconsin, here.

So, in Upstate New York, we are the number one producer of yogurt and cottage cheese. We have major dairy organizations—Hood and Byrne, Cayuga Milk, but also Chobani—they built major yogurt manufacturing facilities because in Upstate New York, we have the milk supply, we have the workforce, and we have the promise of market access under USMCA. So, if Canada did fully honor its yogurt TRQ commitments, what would that mean for manufacturing jobs and the investment decisions companies are making right now in places like Upstate New York?

Mr. LICHTÉ. Thank you for the question, Congressman. As you are probably aware, the U.S. dairy industry has invested billions of dollars in the most recent years in manufacturing to process milk from dairy farms into high-quality products, including the yogurt, cottage cheese, and the like that you referenced. If we are able to fulfill the quota rates that have been given as a part of the agreement that is more demand.

Mr. MANNION. Yes.

Mr. LICHTÉ. With more demand, it creates more opportunity to fill capacity, not just to support the jobs in those facilities, but it also provides more milk that farmers can sell to those facilities, especially the ones that you referenced in the State of New York.

Mr. MANNION. And the undercutting of these quotas, you had mentioned in a previous response, stiffer penalties. What would those stiffer penalties look like, and would it require updates in USMCA?

Mr. LICHTÉ. I think in terms of the penalties, we are just looking for the fuller use of the volumes that were granted as a part of the agreement, and from our standpoint, just finding mechanisms to be able to get that fuller use of those volumes.

Mr. MANNION. Gotcha. Thank you. I appreciate that. So, from what you have seen, are manufacturers having to hold back because of these quotas not being met?

Mr. LICHTÉ. I would say that is unmet demand that we from the United States aren't able to meet. We are able to go find other markets when necessary, but again, from the proximity of the market, it just makes logistical sense for us to be able to work with

trading partners that are in Canada that are desiring U.S. dairy products.

Mr. MANNION. Thank you for that. I appreciate that, and we have heard from this Administration that they may consider bilateral approach to the USMCA review. Mexico is obviously a critical dairy export market, but addressing Canada's dairy TRQ issues is also essential if we are serious about growing the dairy manufacturing industry and jobs, like you had said. So, if we secure a strong agreement with Mexico but leave Canada's dairy TRQ problems unresolved, what impact would that have on our goal of increasing dairy manufacturing and the jobs that come with it in places like Upstate New York?

Mr. LICHTER. If you look at the combination of Mexico and Canada, they are two of the most important and impactful trading partners that we have from a United States' dairy perspective. Yes, we would love to continue to maintain but strengthen the relationship we have with Mexico, yet if we leave the challenges unresolved with Canada, that is just unmet demand and lost opportunity for U.S. dairy farmers and U.S. employees of dairy manufacturing.

Mr. MANNION. Thank you, Mr. Lichte. Thank you, Mr. Chairman. I yield back.

The CHAIRMAN. The gentleman yields back. I now recognize the gentlelady from Illinois, Mrs. Miller, for 5 minutes.

Mrs. MILLER. Thank you, Mr. Chairman, for holding this important hearing, and, Ms. Beyer, I am sure you know that Illinois leads the country in soybean production. In 2025, Illinois harvested more than 633 million bushels of soybeans, which is more than what some countries produce. In my district alone, there are over 3 million acres of farmland dedicated to soy production. I know how important the USMCA is to soy exports with Canada and Mexico buying roughly \$4 billion in U.S. soy products, which is why I am very grateful to President Trump's leadership in getting that historic trade deal finalized in his first term.

Ms. Beyer, you mentioned in your written testimony that freight rail is key to the success of the USMCA, specifically as it relates to moving our agricultural products into Canada and Mexico. Can you expand on that and talk about how improved rail, trucking, and port networks can better facilitate agricultural trade across our hemisphere?

Ms. BEYER. Yes. Thank you for the question, Congresswoman. Our transportation system is really our advantage when it comes to moving grain.

Mrs. MILLER. Yes.

Ms. BEYER. And in addition to soybean, you are a big corn state, too, and there is nowhere to hide with the USMCA. We are covering both crops, and so it is vitally important that we keep these systems strong and moving, and we always say that is how we move the pile. We got to move the pile.

Mrs. MILLER. How can we improve rail, trucking, and port networks?

Ms. BEYER. So, something that we have discussed a little today is to reduce the amount of re-inspections happening at the Mexican border. That just adds cost and delay, in our opinion.

Mrs. MILLER. Okay. Thank you, and I yield back.

The CHAIRMAN. The gentlelady yields back. I now recognize the gentleman from Alabama, Mr. Figures, for 5 minutes.

Mr. FIGURES. Thank you, Mr. Chairman, and thank you to all of the witnesses. Let my sit up here.

[Laughter.]

Mr. FIGURES. Thank you to all of the witnesses for your time, and being here today, and your presence here today.

Look, I represent the State of Alabama, the 2nd Congressional District of Alabama, which is in the southernmost half of the state. And so, we have a lot of farmers there, and for the farmers, and workers, and families I represent in Alabama, trade policy is not an abstract political issue. It directly affects, like in many of your communities, what producers earn for their crops, their livestock, what businesses can invest in, and what families pay at the grocery store. As a Member of both the Agriculture Committee as well as Transportation and Infrastructure Committee, I see how trade relationships affect Alabama's agricultural and manufacturing sectors, including our auto industry supply chains and the jobs that depend on moving goods across North America. USMCA has delivered benefits for Alabama. But those benefits depend on something every farmer and business owner values, and that is certainty. Producers need stable markets, employers need a reliable workforce, families need affordable food, and yet many are facing uncertainty from trade disputes and tariff threats, to H-2A labor challenges and concerns about the spread of New World screwworm that we have discussed here today at length.

Today's discussion is about more than just trade volumes and economic statistics. It is about whether we are creating a stable environment that allows American agriculture, manufacturing, and rural communities to plan, invest, and compete with confidence and certainty. Over the last year alone, producers have faced volatile markets, rising input costs, labor shortages, animal disease threats, trade uncertainty, and severe weather. Farmers make business decisions months and sometimes years in advance, yet many feel that they are operating in an environment where the rules keep changing, and keep changing on short notice.

And so, Ms. Beyer, my first question is to you, as a look over my pitcher's head here, John Mannion.

[Laughter.]

Mr. FIGURES. Your testimony highlights that USMCA works because it provides certainty, clear rules, and long-term confidence for both buyers and sellers. Unfortunately, many of our soybean producers do not see that same certainty in other export markets. When foreign buyers shift their purchases to competitors and invest in new supply chains, those decisions can become permanent. From the perspective of Alabama soybean farmers, how concerned should we be that market share lost during periods of trade uncertainty may never come back, and what policies are needed to restore confidence in the U.S. as a reliable, long-term trading partner?

Ms. BEYER. Thank you for the question, Congressman. I think, following the China trade war, we have definitely seen investments being made in other parts of the world with our competitors and

their ability to deliver beans to ports. I think the strength of the U.S. soy economy, though, comes, in part, to renewable fuels, and we haven't talked too much about that today, too, but with both Canada and Mexico participating in those sorts of activities, there is opportunity there. There is certainly opportunity that we are securing domestically to promote those industries, and having access to crush facilities, and fuel refineries, and those sorts of things are really important for local markets also.

Mr. FIGURES. Understood. Do you know right off, and this not meant to put you on the spot, but if you don't we will take a response on the record, but how much was lost in the soybean industry with the tariff war with China when exports dried up?

Ms. BEYER. Oh, that is a good question. I won't be able to answer that.

Mr. FIGURES. Okay, but is it fair to assume, though, that we are talking billions of dollars? Is that a fair assumption?

Ms. BEYER. I don't know. *Billion* is a big number. I am not sure.

Mr. FIGURES. Well, yes. I agree, it is it is a big number, and unfortunately, I think the billions would not be in the low billions when we get that number, and I look forward to getting that data point. The point I am trying to make is that the tariffs—I don't care who you voted for, for President. I don't care who you voted for, for Congress. I don't care if you identify as a lifelong Democrat or a lifelong Republican. It does not matter to me. Nobody signed up for what we went through with the tariffs, and I know our Agriculture Committee did not sign up for that either. It was not good for Alabama. It was not good for District 2. It was not good for America. It was certainly not good for the agricultural industry, which provides so much to this nation, yet they had to take it on the chin to the tune of billions, if not hundreds of billions of dollars. It was not right. Not right.

And something that we collectively as Members of Congress who sit here on this Committee and across Congress and say that we support farmers, we need to stand up and address the harm that was done regardless of political party, and we need to be serious about putting forth a package that provides some relief—at least some of the relief to American agricultural industry. That is something that I would hope that we can have all of you guys' support on and certainly something that I am going to continue to work towards, and obviously making sure that the market share, especially in, like, the soybean markets, peanut markets, cotton markets, and other crop markets, that we think through this, through a lens of how do we get that market share back from investments that other trading partners have now made across the world. Thank you, and I yield back Mr. Chairman.

The CHAIRMAN. I thank the gentleman. The gentleman yields back. I do want to just correct the record on the New World screwworm. It is not here because of USDA budget cuts. USDA and APHIS have broad authority under the Animal Health Protection Act (Pub. L. 107–171, Farm Security and Rural Investment Act of 2002, Title X, Subtitle E) to use appropriated dollars, contingency funding, and emergency resources to respond to animal health threats, and USDA has used that authority at scale for the past 18 months. For the New World screwworm alone, through this au-

thority, APHIS has received roughly \$1.3 billion in emergency funding and has already obligated more than \$1 billion to develop one of the largest animal health responses in history. And so, and Farm Bill 1.0 actually invested almost \$2 billion over 10 years, so Congress is doing its job of providing vitally needed resources.

I am going to—I don't think Mr.—I am going to recognize Mr. Messmer for 5 minutes. Well, I think Mr. Harris—Mr. Harris do you need additional time, or are you ready?

Mr. HARRIS. I am ready if you are.

The CHAIRMAN. Okay. Well, I am looking over my list here. Well, I am still going to recognize Mr. Messmer for 5 minutes.

Mr. MESSMER. Thank you, Mr. Chairman, and thank you, witnesses, for being here today.

With most of Indiana's 8,000 melon and pumpkin acres farmed in my district, my growers are sensitive to price distortion from imported goods. Since 2001, specialty crops imported from Mexico have grown by more than 550 percent. Unfortunately, Mexico's harvest window overlaps or even precedes Indiana's. As a result, Hoosier producers are forced to compete with Mexican goods sold at prices that American farmers cannot reach under existing labor laws and input cost. Mr. Puglia—sorry if I butchered that—given your experience advocating for fresh produce growers, how important would you say that the USMCA protect American markets from being saturated with cheap foreign specialty crops, especially during peak domestic harvest?

Mr. PUGLIA. Thank you, Congressman. You were close. It is Puglia, like lasagna, right?

[Laughter.]

Mr. MESSMER. Puglia.

Mr. MESSMER. The "G" is—

Mr. MESSMER. The "G" is—

Mr. PUGLIA. We will make everybody Italians before we are done here. Very important, but as I may have said earlier to Congressman Scott in our back-and-forth, I have the burden of representing 300 different crops that fall within specialty crop category. Much of what we have to address is very situational, crop by crop. Some crops have advantages in the marketplace where other crops would have a disadvantage. There are seasonal considerations, *et cetera*, *et cetera*.

To your point, though, I think it is very important to recognize that USMCA provides a level of enforced certainty in our trade relationships and our markets, with the *proviso* that for any of those 300+ different specialty crop interests, there are opportunities to use Section 301 or countervailing duty and anti-dumping cases to address specific alleged harms. The case in point is the Tomato Suspension Agreement I mentioned earlier, which dates back to the 1990s. The U.S. found that Mexico had been/was illegally dumping tomatoes into the U.S. market, but by agreement of the industry, suspended the penalties under the finding. That suspension agreement was terminated by the Administration last year, resulting in a 17 percent tariff on Mexican tomatoes.

And so, I think that fact-finding, quasi-judicial process is—it is a little painful, but it does yield results that are specific to the circumstance of the crop among those 300—the regions that are af-

fects differently. I am very, very aware, spent a lot of time talking to my counterpart who heads the Florida Fruit and Vegetables Association, Mike Joyner. His members are facing a different situation than mine across many of our shared commodities. And so, I think that that is why it is really important that we focus on those tools that are available to industry to be able to go to USTR, go to Department of Commerce, go to the International Trade Commission and prove a case. It is not easy to do, but it can be done.

Mr. MESSMER. Yes, I think the broccoli growers in my district have felt the same challenges from Mexican product as well, so I appreciate that.

Indiana also has a vibrant hardwood industry. In fact, the Hoosier State ranks first in the nation in hardwood veneer manufacturing and second in production of wood cabinets and countertops. In 2024, Canada alone represented nearly $\frac{1}{2}$ the demand for Hoosier-produced wood veneer. In that same year, Canada and Mexico accounted for $\frac{1}{4}$ of Indiana lumber exports. Clearly, the USMCA must be preserved, but Ms. Sawin, in your testimony, you described a different issue that is undermining U.S. hardwoods. Against the backdrop of increasing mill closures, how serious is the threat of tariff-free Russian plywood to the American hardwood industry?

Ms. SAWIN. Yes, thank you for the question, Congressman.

Microphone first.

Thank you for the question, Congressman. Honestly, it is substantial. Russia exports logs to China, where they are peeled into veneers and shipped to Vietnam. They are then formed into plywood, which enters the U.S. market effectively tariff free, despite a 50 percent tariff on direct Russian plywood imports. In 2024, nearly \$360 million in birch plywood entered from Vietnam and Indonesia, despite neither country having native birch trees. Vietnamese plywood imports surged 52 percent in that single year. The Department of Commerce did make an affirmative circumvention determination in July of 2023, but enforcement has proven really difficult to sustain, and imports have surged again. It is a significant factor for the hardwoods industry and for hardwoods growers, and we hope that Commerce continues to focus on implementing its export controls.

Mr. MESSMER. Thank you. I would agree with those efforts and protecting this vulnerable industry is a priority of mine. So, thank you, and I yield back.

The CHAIRMAN. I thank the gentleman. The gentleman's time has expired. I now recognize Mr. Davis from North Carolina for 5 minutes.

Mr. DAVIS of North Carolina. Thank you so much, Mr. Chairman, to the Ranking Member, and to each witness who is here today. I have the honor representing eastern North Carolina, where agriculture is the backbone of our economy. I would like to direct my first question to Mr. Herrington.

In eastern North Carolina, our farmers tell me that it has been hard not knowing what the rules will be from one season to the next. A farmer financing equipment, land, and input is making multiple-year bets. If this Joint Review ends in anything short of a clean, long-term renewal, such as non-binding, bilateral side

deals, what does that do to the ability of farmers and agribusinesses to plan, borrow, and invest?

Mr. HERRINGTON. Thank you so much for the question, Congressman. You are really speaking to one of the critical themes we are focused on today, which is certainty. Your farmers, your growers in eastern North Carolina need that certainty. This a certainty that USMCA certainly has supplied and the certainty that 30 years of duty-free trade in North America has supplied. They have been able to rely on that, they have been able to invest in that, and they have been able to produce goods at a very competitive scale and cost for consumers nationwide. So, that is absolutely—and we want to see, unequivocally, 16 more years of USMCA renewed so that, exactly, your constituents, your agriculture and food producers in eastern North Carolina can ensure that they have that certainty to be able to continue to invest.

Mr. DAVIS of North Carolina. Thank you. Mr. Schumpp, North Carolina is the second largest hog-producing state in the country, and a huge share of those hogs are raised in and around my district. Mexico is the number one market for U.S. pork, over \$2.9 billion this past year. Walk me through, if you would, what happens to hog producers and processing jobs in a state like mine if USMCA lapses or Mexico retaliates. How quickly would competitors like the EU, which already has agreements with Mexico and Canada, back-fill our share?

Mr. SCHUMPP. Yes, thank you for that question. It would have a devastating impact. So, as you said, Mexico is our top market for pork exports, and that is not just those high-value muscle cuts that we send, but it is a variety of meat products. And given how China has been acting over the last several years as well, they are not the good-faith trading partner that Mexico is often. And so, that is a key market for a lot of those products that don't have strong consumer demand here, but they find strong consumer demand and prices in Mexico. That then returns revenue back to hog farmers and to the entire pork industry, and so that is why maintaining it is critical. To your point, if we don't, the EU and other countries that have agreements with Mexico will take our market share that we have earned, that our farmers and ranchers have earned over decades.

Mr. DAVIS of North Carolina. Mr. Puglia, produce grown in Mexico continues to impact U.S. fruit and vegetable growers because of a cost-of-production gap our farmers cannot close. Our growers meet some of the strictest food safety, labor, and environmental standards in the world. Food safety should be a paramount consideration with our trading partners. In this review, how do we ensure imported produce is held to the same food safety and inspection standards American growers must meet so the playing field isn't tilted against the people that are just trying to do it right?

Mr. PUGLIA. Thank you, Congressman. I appreciate that question. The FDA has increased its oversight and regulation in the fresh produce industry domestically. They have not had the same level of increased activity with respect to foreign producers. We have examples of foreign producers of a fresh produce commodity where an outbreak was traced back, and to be candid, very little was done to restrict ongoing operations from that producer and

continued to ship product to the United States. Similar producer, same product in the United States, outbreak traced back, and they have gone through enormous FDA oversight, auditing, testing, changed practices, in this specific case I am thinking of, loss of market that has been permanent.

When we have a foodborne illness outbreak in the produce industry, for example—well, I am not going to name a commodity, but for any of our crops, that tanks consumer demand for a period of time, no matter where it came from and no matter who produced it. And so, an American grower of any fresh produce product is going to suffer economically when a bad actor on either side of the border fails to perform to the food safety standards that we expect in the United States. So, we would hope that the Administration and Congress would put a thumb on this issue in renewal of the USMCA to require Mexico to perform to a higher level with U.S. FDA's oversight, including in-field inspections in Mexico.

Mr. DAVIS of North Carolina. Thank you, and I yield back.

The CHAIRMAN. The gentleman's time has expired. I now recognize Mr. Harris for 5 minutes.

Mr. HARRIS. Thank you, Mr. Chairman, and thanks to all of you on the panel for being here today and for your perseverance as there are a lot of committee meetings going on, and I know there have been a whole lot of ins and outs.

I had the privilege of reading your testimonies coming into this today, and since the USMCA took effect in 2020, it has helped provide stability and predictability for America's hardworking farmers and ranchers. And while this agreement has been a significant benefit to U.S. agriculture, we all know that there are still opportunities to strengthen it and ensure American producers continue to realize the full benefits.

So, Mr. Schumpp, I did notice in your testimony you mentioned that the USMCA preserves preferential access to the Canadian and Mexican markets for U.S. meat, poultry, and livestock products. And I want to kind of build on that point for a moment, considering my home State of North Carolina is one of the largest turkey-producing states in the country. One concern that I hear from industry leaders is regarding market access for the U.S. turkey exports to Canada. Many turkey producers across the country are eager to see additional export opportunities to the Canadian market. So, as the USMCA review process moves forward, what are some specific changes you believe could be made to better support the American turkey producers and expand export opportunities to Canada?

Mr. SCHUMPP. I appreciate that question. So, our focus has been on the broader meat industry, and so we have not called for major changes to the agreement because we view USMCA, as it is, with its strong SPS and technical barriers to trade provisions and the duty-free trade for most of our meat and livestock products, as key to preserving. So, the only additional change we are calling for on the meat industry side is to really see Canada and Mexico allow trade and products that are—that bear common meat names, like salami, bologna, prosciutto, *et cetera*, so that the EU and other countries do not take our market share for that. So, we are not calling for much broader changes beyond the current existing agreement.

Mr. HARRIS. Well, in your expertise, how would greater access to the Canadian market benefit the U.S. turkey producers and bring certainty to their operations?

Mr. SCHUMPP. We view Canada and Mexico as, again, our most reliable trading partners, and that trade does provide certainty. So, any additional certainty that could be provided to these producers and additional elements that would provide more fair and balanced trade would be something that we would expect to see then additional market share be—they be able to take additional market share if that is given to them in the agreement.

Mr. HARRIS. Okay. And while we are here, Mr. Schumpp—I will just stay here for a moment—the U.S. cattle herd is also at its lowest level in decades, and consumers are seeing the impact through higher beef prices at the grocery stores. As ranchers work to rebuild their herd, they continue to face significant new challenges, including the drought and the emergence of the New World screwworm. At the same time, other segments of the beef supply chain are facing economic pressures, and consumers continue to grapple with the high prices, while demand for beef continues to increase. How can we leverage the USMCA to address concerns about affordability for consumers, while also supporting the efforts to rebuild the domestic cattle herd?

Mr. SCHUMPP. That is an excellent question. So, first and foremost, we need to preserve USMCA because if we were to walk away from it, that would certainly have impacts on prices. The duty-free, zero-tariff trade allows this integrated market to flourish and products move across the market multiple times. That helps to reduce costs for businesses and, ultimately, to consumers. And so, we would support maintaining that access for everyone on the meat and poultry side as well as on the livestock side.

Mr. HARRIS. Great. Thank you. In the 1 minute I have left, Ms. Beyer, China recently committed to purchasing \$17 billion in U.S. soybeans annually through 2028, I believe, and as you noted in your testimony, it remains the largest export market for U.S. soybeans. However, Chinese purchases of U.S. soybeans have declined in recent years as China has turned to competitors such as Brazil. In contrast, how does the certainty and stability provided by long-term agreements like the USMCA influence your year-to-year planting and business decisions?

Ms. BEYER. Thank you for the question, Congressman.

Mr. HARRIS. Sure.

Ms. BEYER. We certainly appreciate the attention to the China trade deals and monitoring as those loads head their way for delivery. I think one of the disappointments for U.S. farmers is that that hasn't grown as much as we would have liked. And so, in contrast, we find that USMCA, with our partners in Canada and Mexico, we have been able to grow exports to them, and so it ends up being a positive relationship for us.

Mr. HARRIS. Super. Well, thank you. Mr. Chairman, I yield back.

The CHAIRMAN. The gentleman yields back. I thank the gentleman. I now recognize the gentleman from Illinois, Mr. Jackson, for 5 minutes.

Mr. JACKSON of Illinois. Thank you very much, Chairman Thompson. I would like to very give a very special thank you to all

the participants today in our hearing. I feel the same pain that you do regarding what is going on in Washington.

Let me just share this with you. There are the times in the life of a nation when the debate before us appears to be about economics, but I would say what is missing so far in this discussion is, really, it is about the character of the nation. This is one of those moments. When we speak about agriculture and the future of the United States-Mexico-Canada Agreement, we are not merely discussing trade flows, commodity prices, or export statistics. We are discussing whether America intends to keep faith with the people that feed her. We are discussing whether a farmer's labor will be honored or sacrificed to political theater. We are discussing whether economic policy will be guided by wisdom or impulse.

For generations, American farmers have done what America has always asked them to do. They planted in uncertainty. They borrowed against hope. They endured droughts, floods, and market swings. They all understand, and through it all, they fed not only America, but they could feed much of the world. Yet, in recent years, many farmers have discovered that the greatest threat to their livelihood is not nature. It is in Washington, particularly the reckless use, and abuse of tariffs.

Now, let's tell the truth. Tariffs are sometimes necessary tools. Every nation has a right to protect legitimate strategies and our interests, but when tariffs become political weapons used indiscriminately, they cease being economic policy and become economic vandalism because vandalism is the destruction of value that someone else worked hard to create. American soybean farmers spent decades building relationships with international customers. Those relationships were not created by politicians in Washington, D.C. They were created by the farmers. They were created by the grain elevators. They were created by exporters and families who understood that trust is earned over years and time.

Then suddenly, markets were disrupted. Retaliatory tariffs followed. Customers looked elsewhere. Competitors in South America stepped forward, and the farmers paid the bill, not the politicians: the farmer. The same story unfolded for the corn producers. Corn is woven into the fabric of rural America. It feeds livestock. It supports ethanol production. It drives local economies across Illinois, Iowa, Indiana, Minnesota, and beyond. When trade uncertainty enters the marketplace, corn prices weaken, investment slows, and rural communities absorb the shock. A tariff announced in Washington becomes a lost opportunity in Decatur, Illinois. A political press conference becomes a delayed equipment purchase in Bloomington, Illinois. A trade war becomes a family struggling to keep a multigenerational farm alive. This is the human cost of economic carelessness.

And let us be very clear: this is not conservatism. Conservatism is supposed to value stability. This is the most unstable market I think I have seen in my lifetime. Conservatism is supposed to value markets. That is not what we are seeing today. Mr. Chairman, conservatism is supposed to value predictability and stewardship. There is no relief for the farmers in sight. What we have witnessed too often is not stewardship. It is disruption masquerading as strategy. It is uncertainty masquerading as strength. It is eco-

conomic vandalism carried out in the name of patriotism. Mr. Chairman, I would say the farmer deserves better, the nation deserves better, which brings us to the USMCA.

The future of the USMCA should not be retreat. It must be renewal. The United States, Canada, and Mexico together form the most productive agricultural region on Earth. Our farmers succeed not because they are isolated, but because they are connected: connected to market, connected to transportation networks, connected to customers, connected to one another. The answer is not to weaken the USMCA. The answer is to strengthen it. We should modernize agricultural trade rules. We should expand market access. We should reduce unnecessary barriers. We should protect our farmers' interest, and we should improve transportation infrastructure at ports, rail hubs, border crossings. We should invest in agriculture technology, climate resilience, precision farming, and rural broadband. And perhaps most importantly, we should provide certainty because capital flees uncertainty, investment fears uncertainty, and farmers cannot plan their future around political improvisation.

America's farmer are among the most productive people on Earth. Their success should not depend upon guessing what policy may emerge from Washington tomorrow. The purpose of government is not to create chaos. I yield back.

THE CHAIRMAN. The gentleman yields back. I now recognize gentleman from California, Mr. Gray, for 5 minutes.

MR. GRAY. Thank you, Mr. Chairman and Ranking Member Craig. Thank you to all the witnesses for joining us today for this important conversation.

The other day, I had the opportunity to visit with the Secretary of Agriculture, and I asked her to imagine a fictitious alternate universe where she was given the task of harming California agriculture. I said, "What would we imagine we could do?" We talked through, well, maybe we could disrupt the labor market. Perhaps we could have chaotic tariffs that we announce one day and retract the next, then announce again. Perhaps we could increase fuel costs and input costs. Her and I at the end of that conversation respectfully agreed to disagree, I guess, on what those things might be, but, of course, many of those things are things California farmers are facing today.

And the United States is the world's largest agricultural exporter. California is a big part of that. I represent California's Central Valley, one of the most productive agricultural regions in the world and certainly in the country. We have fresh produce, tree nuts, dairy products, wine, and these markets for these products not only support local jobs, but they support the entire community. The USMCA Agreement has tangibly strengthened trade and relationships with Mexico by nearly \$11 billion, Canadian exports nearly \$8 billion in 2024. A recent Purdue study found that tariff reductions under the USMCA alone save American families an average of \$700 a year. So, it seems rather obvious, certainly sitting in my district, that preserving a strong, comprehensive trilateral agreement with two of our most important trading partners is certainly critical.

But I am going to now propose a question to Mr. Puglia of a different alternate universe where we decide to help California agriculture, and specifically specialty crops, which I have heard some discussion of today. And I am wondering if you could elaborate and what could we imagine to be the most helpful policies to the specialty crop industry, considering many of these other challenges faced this past year, and even beyond tariff measures, if I just open the floor to what are the things we could do to really strengthen and support our specialty crop industry?

Mr. PUGLIA. Thank you, Congressman Gray. I appreciate the question, and now you have done it. You have gone beyond the USMCA. What else could we do? Well, this Committee has had some focus on our ag labor situation. Chairman Thompson has been diligently focused on that. If there is one thing beyond this issue—our trade relationships—that could greatly benefit western producers in the specialty crop industry, California specifically, given our very, very high labor costs, it would be to address our chronic shortage of affordable and legal labor. We are a very labor-intensive industry. As you know, anywhere from 40 to as high as 50 percent, depending on the crop and the location, is the cost of labor as a total cost of production. So, I would say that that would be our holy grail.

But having said that, there are elements of USMCA, as I have stated previously, that can be addressed that would help somewhat level the playing field. We do have a chronic imbalance in cost structure between Mexico and U.S. producers. That probably isn't going to change, but it doesn't have to be as dramatic as it is. And so, we have suggested, particularly around labor enforcement, that Mexico be held to greater account to live up to its commitments in the USMCA so that we have a more balanced labor situation in terms of cost of production between the two countries.

Mr. GRAY. I appreciate that answer, and certainly appreciate both the Chairman and the Ranking Member's efforts to support specialty crops, support California, and appreciate the leadership of Western Growers, and it is very nice to see you.

Mr. PUGLIA. Good to see you, too.

The CHAIRMAN. The gentleman yields back.

Before I proceed to closing comments, I just will say this. Today would be a great opportunity to help not just specialty crops, but all the commodities that are represented here and all the commodities in the country, by signing on as an original cosponsor to the Securing Agriculture's Workforce Act of 2026 (H.R. 9535). This is a piece of legislation that has been built with—obviously with the task force that this committee formed last Congress, and if you want to know what to do to help specialty crops and everyone else, signing on as original cosponsor today, I would say, would be the most immediate step to take.

With that, before we adjourn today, I want to invite the Ranking Member to share any closing comments that she might have.

Ms. BROWN. Thank you so much, Mr. Chairman. So, today, we have heard from the Chairman, Republicans, Democrats, and every one of our witnesses on the value of USMCA for opening up markets for U.S. producers, and, unbelievably, this has happened at the exact same time that the President went on TV and said that

he may not renew it. You cannot make this stuff up. American businesses cannot thrive in a vacuum. Whether you are a farmer growing crops or a trucker hauling livestock across a border for processing, stable friendships with our neighbors and stable markets are good business. Chaos, tariffs, and war, and tweets, not so much.

The Trump Administration has a choice, and, as of about 40 minutes ago, according to Reuters, it is threatening not to renew the USMCA. Now, this Administration could use USMCA as an opportunity to help level the playing field for American farmers and lower food costs for American consumers, or they can further undermine relations with our closest and largest trade partners. And I am disappointed, but not surprised, to see the direction that this Administration is leaning. I know which outcome working people, farmers, and families that I have spoken to would prefer. I am unclear if those priorities resonate with the Administration. Will we prioritize lowering costs, or continue the chaotic midnight diplomacy of a President who upends markets every time he tweets?

I just want to say thank you to our witnesses who came here today ready to talk about the importance of a stable market and strong trade relationships. We sincerely appreciate your time and your testimony, and with that, Mr. Chairman, I yield back.

The CHAIRMAN. Well, I thank the gentlelady for her closing comments. I want to thank the panel and our staff on both sides of the aisle that work so hard to make these hearings happen.

The USMCA has been a highly effective at expanding regional trade, pushing commerce, obviously ag and beyond, near \$2 trillion annually, and making Mexico and Canada the United States' top trading partners, with significant gains in agriculture. USMCA has really served as a model trade agreement that will benefit from refinement, including improvements with enforcement. The House Agriculture Committee will be at the table to ensure that the voices of our agriculture commodities are heard, building on the 18 trade agreements successfully achieved by the President's Administration in the past 18 months. This, coupled with the Agriculture Committee's leadership and legislating with the farm bill, where we doubled the Market Access Program and the Foreign Market Development Program, among others, is good news for our farmers and our ranchers, and for consumers at the end of the day.

The U.S. agriculture trade deficit is projected to narrow to \$29 billion for Fiscal Year 2026. Now, that is still too high, but we didn't—but it is a significant recovery from the record-setting \$43.7 billion deficit, and this represents a 42 percent reduction in the trade gap, supported largely by renewed international trade agreements. An informed refinement and reauthorization of USMCA is absolutely critical. I believe and I know that this gap will continue to close to where we once again in this country will have, with agriculture, a trade surplus as we accomplish this.

And so, once again, thank you to our panel today for bringing your knowledge, your wisdom, your insight, and your representation of all the hardworking families that you represent.

Under the Rules of the Committee, the record of today's hearing will remain open for 10 calendar days to receive additional mate-

rial and supplementary written responses from the witnesses to any question posed by a Member.

This hearing of the Committee on Agriculture is adjourned.

[Whereupon, at 1:05 p.m., the Committee was adjourned.]

[Material submitted for inclusion in the record follows:]

SUBMITTED LETTER BY HON. AUSTIN SCOTT, A REPRESENTATIVE IN CONGRESS FROM
GEORGIA

May 12, 2026

HON. JAMIESON GREER,
Ambassador,
Office of the United States Trade Representative,
Washington, D.C.

Dear Ambassador Greer,

The U.S. specialty crop industry encompasses a large variety of commodities across 220,000 farms, each with distinct supply and demand conditions. As you know, many American growers of fruit, vegetable, and certain tree nut commodities and products are under unsustainable pressure from growing volumes of products unfairly entering U.S. markets. These imports flood the U.S. market, often at the same time U.S. crops are reaching their peak in-season period, with prices at or below the cost of production for U.S. producers. Additionally, many of these commodities are seasonal and/or perishable, creating unique challenges for identifying markets as these products must be harvested, marketed, and consumed within a limited window of time. Other specialty crops that are marketed year-round are forced to suffer the consequences over the course of the entire year. As you review the United States-Mexico-Canada Agreement (USMCA), we look forward to engaging with you to implement trade measures that will allow our specialty crop producers to continue to feed the nation and remain viable against unfair foreign competition. We urge you to consider the significant strain Mexico continues to place on the U.S. specialty crop industry.

Fresh fruit and vegetable imports from Mexico have increased by more than 550 percent since 2001, driven by fundamental cost and regulatory advantages. Mexican producers operate with significantly lower labor and production expenses—agricultural wages are about $\frac{1}{10}$ of U.S. levels—while U.S. growers depend heavily on the higher-cost H-2A program for seasonal labor. Because labor accounts for roughly half of total production and harvest expenses in this industry, these disparities create a substantial competitive gap. Mexican farms also avoid many of the regulatory requirements imposed by U.S. agencies such as the U.S. Environmental Protection Agency and the U.S. Department of Labor, further reinforcing their cost of production advantage.

Without measures to restore competitive balance, specialty crop production will increasingly move to foreign countries. We urge you to evaluate trade actions that can safeguard U.S. growers from unfair pressures from Mexico. This work is essential to maintaining U.S. competitiveness in the specialty crop sector and to ensuring Americans continue to have access to high-quality, domestically grown food—an issue fundamental to our national security.

Many specialty crop organizations and representatives recently submitted comments to USTR for consideration under Docket ID: USTR-2025-0004, titled “Request for Comments on the Operation of the Agreement between the United States of America, the United Mexican States, and Canada.” We encourage you to prioritize the evaluation of these comments, and we emphasize the importance of these commodity industries’ submissions. We appreciate your consideration of our growers’ concerns and look forward to continued collaboration as the 2026 USMCA review process moves forward.

Sincerely,



Hon. AUSTIN SCOTT,
Member of Congress



Hon. ROBERT P. BRESNAHAN, JR.,
Member of Congress



Hon. MIKE ROGERS,
Member of Congress



Hon. RICHARD MCCORMICK,
Member of Congress



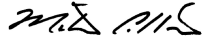
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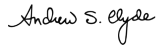
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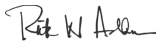
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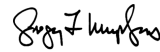
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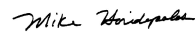
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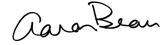


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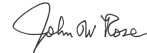
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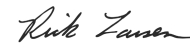
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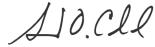


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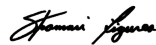
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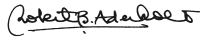
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Member of Congress



Hon. KEITH SELF,
Member of Congress



Hon. CHUCK EDWARDS,
Member of Congress

SUBMITTED LETTER BY HON. BRAD FINSTAD, A REPRESENTATIVE IN CONGRESS FROM
MINNESOTA

June 9, 2026

Hon. GLENN THOMPSON,
Chairman,
House Committee on Agriculture,
Washington, D.C.;

Hon. ANGIE CRAIG,
Ranking Minority Member
House Committee on Agriculture,
Washington, D.C.

Dear Chairman Thompson and Ranking Member Craig:

The Agricultural Coalition for USMCA is a broad alliance representing farmers, ranchers, agricultural processors, food manufacturers, agribusinesses, cooperatives, retailers, grain handlers and exporters, and other stakeholders across the U.S. food and agricultural value chain. Our coalition was formed to support the strengthening, renewal, and long-term extension of the United States-Mexico-Canada Agreement (USMCA), which remains the foundation of North American agricultural trade. Today, agricultural trade under USMCA supports approximately \$149 billion in U.S. economic output, nearly 500,000 American jobs, and \$36 billion in wages. As the Committee continues its engagement in the 2026 review process, we write to express our support for successful review and extension of the agreement and to share our concerns regarding proposals that could complicate that objective.

USMCA has delivered significant benefits for producers, food manufacturers, workers, and consumers alike. Canada and Mexico are the two largest export markets for U.S. food and agricultural products, providing critical market access for commodities and products produced in communities across the country. The agreement has also strengthened North American food supply chains and helped keep food affordable for American families. A recent Purdue University study found that tariff reductions under North American trade agreements generate approximately \$700 in annual food savings for the average U.S. household-equivalent to roughly seven percent of total household food expenditures—and that every one percent reduction in tariffs is associated with an average 2.8 percent reduction in food prices over time. At a time when food affordability remains a top concern for American families, preserving the benefits of integrated North American agricultural trade should remain a priority.

We recognize that some specialty crop producers face significant competitive pressures and respect their desire to ensure a strong future for domestic production. However, we are concerned by recent proposals to pursue new trade restrictions directed at Mexican agricultural imports as part of the USMCA review process. USMCA already provides a rules-based framework for addressing trade concerns among the three countries. Efforts to restrict market access beyond the terms negotiated under the agreement risk shifting away from a positive discussion about strengthening and renewing the agreement and could invite retaliatory actions against U.S. agricultural exports.

These risks are particularly significant given Mexico's importance as an export market for U.S. agriculture, including many sectors represented within our coalition. Mexico is our largest agricultural export market, and the second largest for specialty crops. Actions that undermine confidence in the agreement or disrupt long-established trade flows could jeopardize export opportunities, create uncertainty for producers and agribusinesses making long-term investments, and increase costs throughout the North American food system. Such outcomes would ultimately harm many of the farmers, manufacturers, workers, and consumers who benefit from a strong and predictable North American trading relationship.

We also note that support for renewing and strengthening USMCA extends across Congress. In November 2025, 113 Members of the House of Representatives highlighted the significant benefits North American agricultural trade provides to producers, workers, manufacturers, and consumers and urged the Administration to preserve and strengthen the agreement. We believe that bipartisan message remains as relevant today as the review process moves forward.

The Agricultural Coalition for USMCA respectfully encourages the Committee to support policies that preserve the agreement's rules-based framework, maintain market access for U.S. agricultural exports, strengthen North American supply chains, and protect the affordability benefits USMCA delivers to American families. We stand ready to work with Congress and the Administration to ensure the agreement continues to support economic growth, rural prosperity, and food affordability for years to come.

Thank you for your attention to this important matter, and for your continued leadership in supporting policies that strengthen U.S. agriculture, promote food affordability, and expand economic opportunity throughout the food and agricultural value chain.

Sincerely,

Agricultural Retailers Association
American Feed Industry Association
American Malting Barley Association
American Spice Trade Association
Corn Refiners Association
FMI—The Food Industry Association
Fresh Produce Association of the Americas
National Corn Growers Association
National Grain and Feed Association

National Oilseed Processors Association
National Pork Producers Council
National Restaurant Association
Northwest Horticultural Council
Sweetener Users Association
U.S. Apple Association
Washington Apple Commission
Washington State Fruit Commission
Washington State Tree Fruit Association

SUBMITTED LETTER BY HON. TONY WIED, A REPRESENTATIVE IN CONGRESS FROM
WISCONSIN

December 3, 2025

Hon. JAMIESON GREER,
United States Trade Representative,
Office of the U.S. Trade Representative,
Washington, D.C.

Dear Ambassador Greer:

The upcoming 2026 review of the United States-Mexico-Canada Agreement (USMCA) represents a critical opportunity to deliver to American dairy farmers, producers, and exporters the access to the Canadian market that was originally promised when the agreement entered into force over 5 years ago. This has long been a bipartisan priority, and we urge you to ensure the U.S. dairy industry finally reaps the full benefit of the bargain envisioned under USMCA.

After hard-fought negotiations in the dairy sector, USMCA promised expanded market access for U.S. dairy exporters—primarily through the creation of new tariff rate quotas (TRQs) exclusively for U.S. dairy products—and new disciplines on heavily subsidized Canadian exports, but neither promise has fully materialized due to Canada's dairy trade practices that disadvantage U.S. producers.

Furthermore, Canada has a long history of unfairly restricting imports of U.S. dairy products while simultaneously offloading artificially low-price nonfat milk solids onto the global market, which runs counter to its trade commitments and undermines U.S. producers both at home and abroad.

Canada has administered its dairy TRQs in a manner that limits U.S. access, preventing American producers from using the TRQs to fulfill the robust Canadian demand for U.S. dairy products. The bulk of quota allocations are reserved for Canadian processors who have limited incentive to import, with zero access granted to retailers, restaurants, food service providers, or others throughout the dairy supply chain who have a vested interest in maximizing TRQ use.

At the time of implementation, USMCA raised the bar for what trade agreements could be. However, despite continued engagement by the U.S. Government under USMCA, Canada still has failed to abide by its USMCA commitments. The United States must make ongoing efforts to address this issue and utilize the USMCA review process to negotiate for additional meaningful and enforceable commitments to ensure that U.S. dairy producers and processors receive the full benefits of the market access commitments that were intended.

The Administration's decision to request that the U.S. International Trade Commission (USITC) launch a formal Section 332 investigation into the global nonfat milk solids market is an important step in addressing the use of loopholes in USMCA to avoid the agreement's dairy export disciplines. We are confident that the USITC's analysis will be an important tool to address the nonfat milk solids export loopholes during the formal review process.

Despite Canada's failure to uphold all of its dairy commitments under USMCA, the upcoming review process is the perfect opportunity to remediate these issues. Additionally, despite some challenges, we recognize and appreciate that Mexico has largely preserved the free flow of bilateral dairy trade. While certain steps are needed to ensure full implementation of its USMCA commitments on common cheese names, the agreement has been key in maintaining open U.S.-Mexico dairy trade, and this progress should be preserved.

USMCA has achieved significant wins for American farmers, manufacturers, small businesses, and workers. In 2024, U.S. farmers sold \$58.7 billion in agricul-

tural exports to Canada and Mexico. While targeted adjustments must be made to ensure promises under USMCA are fully realized, the upcoming review process provides the appropriate mechanism to achieve these necessary changes.

U.S. dairy farmers, processors and the communities they support can compete anywhere in the world, as long as there is a level playing field. We ask that before and during the 2026 review process you work to strengthen USMCA, close these loopholes, and hold Canada accountable to its commitments. We look forward to working with you throughout this process to ensure that U.S. dairy producers are primed to fully benefit from USMCA moving forward.

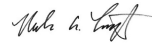
Sincerely,



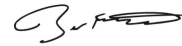
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Member of Congress



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Member of Congress



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Member of Congress



Hon. RANDY FEENSTRA,
Member of Congress



Hon. W. GREGORY STEUBE,
Member of Congress



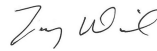
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Member of Congress



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Member of Congress



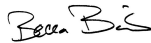
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Member of Congress



Hon. MIKE BOST,
Member of Congress



Hon. BECCA BALINT,
Member of Congress



Hon. MIKE THOMPSON,
Member of Congress



Hon. SCOTT FITZGERALD,
Member of Congress



Hon. GABE EVANS,
Member of Congress



Hon. JAMES R. BAIRD,



Hon. MAX L. MILLER,
Member of Congress



Hon. ADRIAN SMITH,
Member of Congress



Hon. DANIEL MEUSER,
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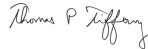
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Hon. JOSH HARDER,
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Earl L. "Buddy" Carter

Hon. EARL L. "BUDDY" CARTER,
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Ben Cline

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Vicente Gonzalez

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Scott Franklin

Hon. SCOTT FRANKLIN,
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Don Bacon

Hon. DON BACON,
Member of Congress

Barry Moore

Hon. BARRY MOORE,
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Hon. PETE STAUBER,
Member of Congress



Hon. MIKE FLOOD,
Member of Congress



Hon. MARK POCAN,
Member of Congress



Hon. MIKE KELLY,
Member of Congress



Hon. TERESA LEGER FERNANDEZ,
Member of Congress



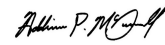
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Member of Congress



Hon. ASHLEY HINSON,
Member of Congress



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Member of Congress



Hon. ADDISON P. MCDOWELL,
Member of Congress



Hon. DAN NEWHOUSE,
Member of Congress



Hon. SANFORD D. BISHOP, JR.,
Member of Congress



Hon. GABE VASQUEZ,
Member of Congress



Hon. RONNY JACKSON,
Member of Congress



Hon. MARK B. MESSMER,
Member of Congress

CC:

The Honorable Scott Bessent, U.S. Secretary of Treasury
The Honorable Brooke Rollins, U.S. Secretary of Agriculture
The Honorable Howard Lutnick, U.S. Secretary of Commerce

SUBMITTED REPORT BY HON. ANGIE CRAIG, A REPRESENTATIVE IN CONGRESS FROM MINNESOTA

USMCA Affordability Study: The Effect of North American Trade on U.S. Food Prices*

JOSEPH V. BALAGTAS[†]

Bernhard Dalheimer[‡]

Abstract

The United States-Mexico-Canada Agreement is up for renewal. Using BLS retail price data for 85 food items matched to legal NAFTA tariff schedules and bilateral trade flows, we estimate the causal pass-through from NAFTA tariff reductions to U.S. consumer food prices over 1990–2014. A Bartik-style instrument exploiting the interaction of pre-NAFTA tariff levels with the treaty-mandated phase-in schedule yields an IV estimate of 0.6 percentage points of annual price growth reduction per percentage point of tariff cut. Local projections show the cumulative effect grows to 2.8 percent per percentage point of tariff cut after 10 years before stabilizing. Aggregated to the food price index, NAFTA liberalization reduced the food price level by approximately 22 index points (1993 = 100) relative to a no-NAFTA counterfactual by 2014—equivalent to roughly \$500 per year in food savings for the average household and 1.8 percentage points of cumulative CPI suppression. A symmetric reversal of USMCA preferences would restore those price increases within a decade.

Executive summary

Background. NAFTA, implemented in 1994, phased out nearly all U.S. tariffs on food and agricultural imports from Canada and Mexico over the following decade. By the early 2000s, the average NAFTA preferential tariff on food items covered by this study had fallen close to zero. USMCA, which replaced NAFTA in 2020, preserved those preferences. Recent policy discussions around the USMCA Joint Review by the United States, Canada, and Mexico raise the question of what those tariff preferences are worth to stakeholders in each country.

What this study does. We seek to quantify the effects of NAFTA/USMCA (hereafter NAFTA) on U.S. food consumers by measuring how much of the NAFTA tariff reductions passed through to retail food prices in the United States. We use BLS average price data for 85 food items—including beef, poultry, dairy, fresh produce, and processed foods—matched to the legal NAFTA tariff schedule for Mexico and to bilateral trade flows from Canada and Mexico. The sample runs from 1990 to 2014, spanning the full NAFTA phase-in period.

Identification. The key empirical challenge is that tariff schedules may not be randomly assigned across products. We address this by using each product's pre-NAFTA tariff level as a baseline: products that started with higher tariffs in 1993 faced larger mandated reductions under NAFTA's predetermined schedule, independently of subsequent price trends. This variation isolates the causal effect of tariff cuts on consumer prices.

Main findings. A one percentage point reduction in the NAFTA preferential tariff rate reduced annual food price growth by approximately 0.6 percentage points in the same year. Local projections show that the cumulative price reduction from a one percentage point tariff cut grows to 2.8 percent after 10 years.

Aggregate impact. Translating these estimates to the full food basket, NAFTA tariff liberalization reduced the U.S. Consumer Price Index (CPI) for food by approximately 22 index points relative to a no-NAFTA counterfactual by 2014 (on a 1993 = 100 scale). Applied to the food-at-home share of total CPI, this corresponds to roughly 1.8 percentage points of cumulative CPI suppression over the 1994–2014 period.

USMCA removal scenario. We project what would happen to food prices if USMCA tariff preferences were removed starting in 2025, using the same estimated pass-through coefficients applied as a positive tariff shock. Under a symmetric reversal scenario—reinstating pre-NAFTA MFN rates—the food price index would rise 12–13 points above the 2025 baseline by 2035, equivalent to an additional 1.8 percentage points of total CPI. Products with higher pre-NAFTA tariff exposure, includ-

*This research has been funded by the Corn Refiners Association.

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ing tomatoes, beef, and processed foods with significant Mexican supply chains, would see the largest price increases.

Bottom line. NAFTA's tariff liberalization meaningfully lowered U.S. consumer food prices, with effects that accumulated over time. Removing USMCA preferences would reverse those gains on a similar trajectory. The magnitude—roughly 1.8 percentage points of CPI over a decade—is economically significant for household food budgets, particularly for lower-income households that spend a larger share of income on food.

1 Introduction

What is the USMCA worth to American consumers? This question has grown more pressing as policymakers debate renegotiating or withdrawing from the agreement. In particular food prices, alongside energy, are one of the goods that consumers are particularly sensitive to. While on the one hand USMCA offer access to large markets for U.S. food producers, on the other hand it also offers food imports, in particular vegetables from Mexico and animal-sourced products from Canada, which reduce grocery prices and increase product selection available to consumers. However, while the extent to which a potential removal of the USMCA would affect domestic food prices in the United States can be hypothesized using theoretical models, it has not been addressed empirically and the lack of robust evidence leaves doubts whether this would benefit or cost U.S. consumers as well as whether this would add or relieve inflationary pressure, which has already been elevated for several years.

NAFTA, the predecessor to USMCA, provides the most informative available evidence. Implemented on January 1, 1994, NAFTA committed the United States to a predetermined schedule of tariff reductions on food and agricultural imports from Canada and Mexico. The tariff reductions were spread over periods of 5 to fifteen years depending on the product, with sensitive categories like dairy and sugar receiving the longest transitions. By the mid-2000s, however, the vast majority of food items faced zero or near-zero preferential tariffs under NAFTA. USMCA, enacted in 2020, preserved this liberalized framework. Tracking prices and tariffs over the full NAFTA phase-in period therefore provides a direct empirical window on the consumer price consequences of the tariff preferences that USMCA now maintains.

However, measuring the causal pass-through from tariff cuts to retail prices is econometrically challenging. Tariff schedules are not randomly assigned across products. Commodities that received larger tariff cuts under NAFTA may differ systematically in ways that also affect price dynamics. For example, politically sensitive industries often lobbied successfully for smaller or more gradual liberalization or even temporary exemptions and special regulations such as tariff rate quotas (TRQs) and trigger prices. In addition, trade with Canada had already been liberalized in 1988 through the Canada-United States Free Trade Agreement (CUSFTA).

We combine price data from the U.S. Bureau of Labor Statistics (U.S. Bureau of Labor Statistics, 2020, 2024), the U.S. International Trade Commission NAFTA tariff schedules (Office of the United States Trade Representative, 1993) and bilateral trade from BACI (Gaulier and Zignago, 2010) and address these identification challenges using a strategy analogous to the Bartik-style (Bartik, 1991; Goldsmith-Pinkham, Sorkin and Swift, 2020; Borusyak, Hull and Jaravel, 2025) instrument developed in Topalova (2010) for the Indian trade liberalization episode. The key insight is that under NAFTA's predetermined schedule, the trajectory of a product's tariff reductions was largely determined by its pre-NAFTA tariff level in 1993. Products that entered NAFTA with higher MFN tariffs faced mechanically larger absolute reductions as the schedule phased in, because the agreement was designed to eliminate tariff differentials between North American partners. Pre-NAFTA tariff levels therefore predict subsequent tariff changes through the institutional logic of the agreement, while being predetermined and orthogonal to post-1993 price shocks. This cross-sectional variation serves as our instrument, exploiting the mechanical relationship between initial tariff levels and the NAFTA phase-in schedule. The empirical framework combines this instrument with first-differenced panel regressions and Jordà (2005) local projections to capture both contemporaneous and cumulative dynamic pass-through.

Our main findings are as follows. A one percentage point reduction in the NAFTA preferential tariff rate reduced annual food price growth by approximately 0.6 percentage points and local projection estimates show the cumulative effect grows to 2.8 percent per percentage point of tariff cut after approximately 10 years, before stabilizing—consistent with gradual retail price adjustment and expanding supply-chain responses to lower import costs. Aggregating to the food price index using Laspeyres weights, NAFTA liberalization reduced the U.S. food price index by approximately 22 index points relative to a no-NAFTA counterfactual by 2014 (1993

= 100). This translates to roughly \$500 per year in food-at-home savings for the average household and cumulative suppression of total CPI by approximately 1.8 percentage points. A symmetric reversal of USMCA preferences would generate price increases of similar magnitude within a decade of implementation.

An important heterogeneity finding concerns goods for which the United States is a net exporter to Canada and Mexico—wheat, corn, and certain beef cuts. One might expect that NAFTA, by lowering Canadian and Mexican tariffs on U.S. exports, raised export demand and thus increased U.S. domestic prices for these goods. Our split-sample analysis finds instead that export-oriented goods show pass-through at least as large as import-competing goods, consistent with North American commodity market integration tightening arbitrage links on both sides of the border simultaneously.

We contribute to the literature that empirically evaluates NAFTA. While most studies have found positive effects on trade, (Romalis, 2007; Caliendo and Parro, 2015; Lederman, Maloney and Servén, 2005), FDI and productivity (*e.g.*, Lederman, Maloney and Servén, 2005), labor markets (Hakobyan and McLaren, 2016), or the rural economy in the U.S. (Zahniser and Link, 2002; Zahniser, *et al.*, 2015), work on prices is scarce. An exception is Nicita (2009) finds that NAFTA has helped reduce consumer prices in Mexico. Here, we investigate the effect of NAFTA and USMCA on U.S. prices, focusing on the food sector.

The remainder of the report is organized as follows. Section 2 describes how NAFTA has been implemented in the food sector. Section 3 describes the data and documents key descriptive patterns. Section 4 presents the empirical strategy. Section 5 reports the empirical results. Section 6 presents the counterfactual simulations of a scenario where NAFTA was not implemented. Section 7 simulates the price effects of a removal of USMCA and Section 8 concludes this report. Appendices provide robustness checks and data construction details.

2 NAFTA and the liberalization of U.S. food trade

Before estimating the effect NAFTA had on U.S. food prices in order to understand the food price effects of a potential removal of USMCA, it is useful to revisit how NAFTA was implemented in the food sector. The North American Free Trade Agreement entered into force on 1 January 1994, eliminating trade barriers between the United States, Canada, and Mexico over a phased transition period of up to fifteen years. It is important to note, however, that NAFTA was not the first step in North American trade integration. The Canada-United States Free Trade Agreement (CUSFTA), signed in 1988 and effective from 1 January 1989, had already eliminated most tariffs on bilateral U.S.-Canada trade by the time NAFTA took effect. By 1993, Canadian goods entering the United States faced zero or near-zero tariffs across the vast majority of food categories. NAFTA therefore represented a fundamentally new trade rules for imports from Mexico, which had previously faced the standard U.S. Most Favored Nation (MFN) tariff schedule with no preferential access.

For the United States, this asymmetry shaped the pre-existing trade structure in food markets. Canadian suppliers had already responded to duty-free access over 1989–1993 and were dominant in many food import categories by the time Mexican competition arrived in 1994. The novelty of NAFTA, from the perspective of U.S. consumer prices, lies almost entirely in the opening of the U.S. market to Mexican agricultural and food exports—a channel that had been blocked by MFN tariffs prior to 1994.

Moreover, NAFTA did not abolish tariffs uniformly or instantaneously. The treaty established product-specific phase-out schedules, classified into several staging categories. Most non-sensitive manufactured goods had their tariffs eliminated immediately upon entry into force or within 5 years. For food and agricultural products, however, liberalization was considerably more complex and drawn out, reflecting the political sensitivity of agricultural trade and the competitive threat that lower-cost Mexican production posed to certain U.S. farm sectors.

The treaty text and its implementing legislation distinguished between two broad mechanisms for agricultural liberalization. The first was the straightforward phased reduction of *ad valorem* tariffs—a percentage of the good’s value—on a predetermined schedule. For these goods, the legal preferential rate fell annually in equal increments, reaching zero by the end of the designated transition period. The second, and more complex, mechanism applied to goods deemed particularly sensitive: tariff-rate quotas (TRQs), specific duties, and price-based safeguard mechanisms, which governed market access independently of *ad valorem* rate reductions.

The heterogeneity of NAFTA’s agricultural liberalization is codified in Subchapter VI of the U.S. Harmonized Tariff Schedule, titled “Temporary Modifications Established Pursuant to the North American Free Trade Agreement” (U.S. International

Trade Commission, 1995). This subchapter listed the products for which NAFTA's liberalization departed from the standard tariff phase-out and instead operated through TRQs, specific duties, or safeguard triggers—with the provisions remaining in force through 31 December 2008. The range of food goods covered by Subchapter VI illustrates the breadth of exceptions to straightforward tariff liberalization. Dairy products—including fluid milk, cream, butter, cheese, and dried milk—were subject to annual import quotas expressed in kilograms or litres, within which imports entered at zero or reduced duty and beyond which prohibitive specific duties applied. For example, under U.S. Note 4 to Subchapter VI, the quota for fluid milk and cream started at 366,000 litres in 1994 and rose to 464,000 litres by 2002, with quantitative restrictions ceasing only in 2003. Fresh tomatoes, onions, squash, chilli peppers, and eggplants were governed by seasonal quantity limitations calibrated to protect U.S. domestic harvests during peak production periods.

Orange juice—the largest food import from Mexico by value in the 1990s—received particularly complex treatment. Frozen concentrated orange juice (sub-heading 2009.11.00) entered under a volume-based TRQ (up to approximately 265 million litres annually at a preferential specific rate of 4.625 €/litre) combined with a price-based “snapback” mechanism: whenever the daily price on the New York Cotton Exchange fell below a rolling 5 year trigger price for 5 consecutive business days *and* import volumes exceeded the TRQ threshold, the standard MFN duty was automatically restored until prices recovered (U.S. International Trade Commission, 1995, Note 23). This mechanism, designed to protect Florida citrus growers, meant that Mexican OJ exports faced a regime that was neither a fixed tariff nor simple duty-free access, but a contingent combination of quantity limits, specific duties, and price triggers. Full liberalization of OJ did not occur until January 2008.

Sugar was subject to a quota determined annually by the Secretary of Agriculture in accordance with Annex 703.2, Chapter Seven of NAFTA, with quantitative restrictions remaining until October 2008. Peanuts were likewise governed by TRQs through 2007.

This heterogeneity in liberalization mechanism has direct implications for identifying the consumer price effects of NAFTA. Goods whose protection rested on *ad valorem* tariffs experienced a straightforward, legally-scheduled, and product-specific reduction in the cost of imports from Mexico. The size of this reduction was determined before the treaty took effect and is recorded in the official USITC schedule, providing exogenous cross-sectional variation in treatment intensity.

3 Data

The primary outcome variable is the BLS Average Price series, which reports monthly retail prices for specific food items in urban areas across five BLS geographic regions: U.S. city average, Northeast, Midwest, South, and West. We use 80 food items spanning beef and veal, pork, poultry, dairy, fresh and processed fruits and vegetables, cereals, and other processed foods, aggregated to annual averages. The sample period is 1990–2014, providing 4 years of pre-NAFTA baseline and twenty years of post-implementation data (U.S. Bureau of Labor Statistics, 2020, 2024).

NAFTA preferential tariff rates for Mexico are drawn from the official NAFTA tariff schedules as codified by the U.S. International Trade Commission and published in the 1993 USTR implementing documents (Office of the United States Trade Representative, 1993). Rates are at the HS six-digit level. Where the phase-in schedule specified staged reductions, we linearly interpolate between known schedule points to produce annual product-level tariff rates. For 1990–1993, the pre-NAFTA MFN rate is assigned. The main treatment variable τ_{it} is the simple average of legal NAFTA preferential rates across concordance-linked HS6 codes for BLS item i in year t . The mean pre-NAFTA *ad valorem* rate among treated items is 7.4 percentage points, ranging from 1.6 percentage points (beef, fresh) to 20 percentage points (cabbages).

Import values and quantities for U.S. food imports from Canada and Mexico at the HS6 level are drawn from the BACI international trade database (Gaulier and Zignago, 2010), which in turn [sources] from COMTRADE. Trade flows are used to construct import exposure measures and, in robustness specifications, a supply-side instrument.

A key data construction step is linking the HS6 tariff schedule to the BLS item classification system. We hand-coded a concordance between 33 HS6 codes and 30 BLS food items, assigning each match a supply-chain role (final consumer good, primary agricultural input, or intermediate processed input) and a NAFTA relevance classification. This concordance allows us to attach tariff information to each BLS price series. *Appendix A.2* offers more summary statistics on NAFTA tariffs and the concordance table.

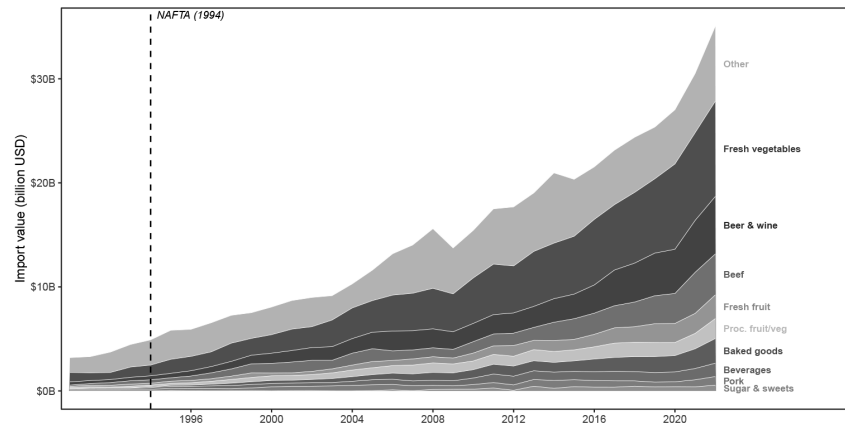
3.1 Descriptives

Figure 1 documents the increase in total U.S. food imports from Canada and Mexico over the sample period. From 1990 to 2014, total food imports from the two NAFTA partners almost quintupled in nominal terms, with particularly rapid growth after NAFTA implementation in 1994. Most notably, beef, beer & wine as well as sugar and sweets experienced the strongest growth and are now the most dominant food imports within USMCA. On a per-capita level, *Figure 2* confirms that this growth substantially outpaced population growth as real per-capita food imports from NAFTA partners in 2015 had roughly tripled since the implementation of NAFTA.

Figure 1: Total Food Imports from Canada and Mexico, 1990–2022

U.S. Food Imports from Canada and Mexico

BACI HS96, foods linked to BLS Average Price series

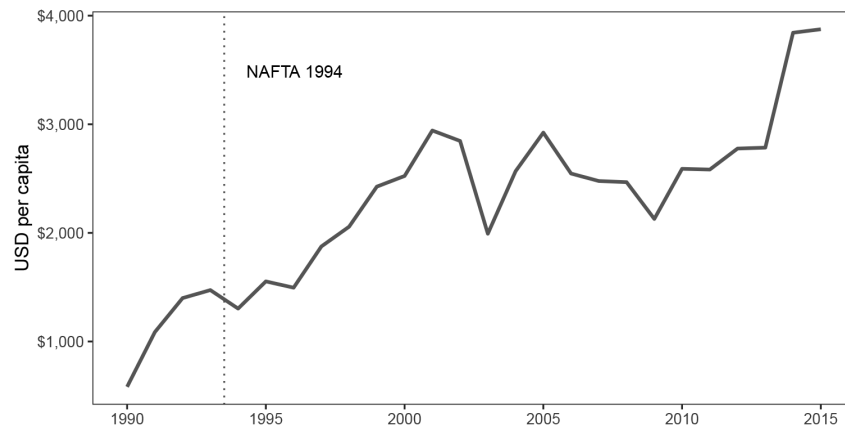


Nominal import values from BACI/GATS, aggregated across all HS6 food categories in the concordance sample. Vertical dashed line marks NAFTA implementation (January 1994).

Figure 2: Food Imports from Canada and Mexico Per Capita, 1990–2014

US Food Imports from Canada + Mexico, Per Capita

Total CA+MX imports across BLS food items ÷ U.S. population (Census Bureau).



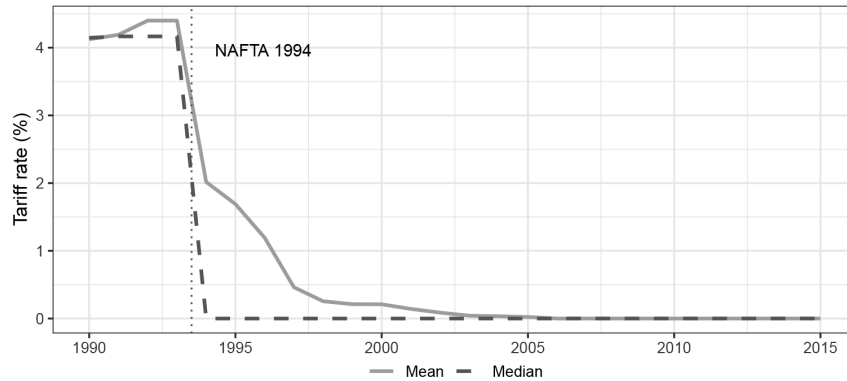
Values deflated by the BLS all-items CPI. Vertical dashed line marks NAFTA implementation.

Figure 3 documents the tariff phase-in trajectory. The average NAFTA preferential tariff rate fell from approximately six percent in 1993 to near zero by 2008. The decline was staggered across product groups with fresh produce tariffs falling quickly, while dairy and sugar, the most politically sensitive categories, maintained positive rates well into the 2000s. This dispersion in phase-in timing is central to our identification strategy.

Figure 3: NAFTA preferential tariff rates by food category, 1990–2014

Legal NAFTA Mexico Tariff Rate Over Time

Simple average across BLS food items in regression sample.



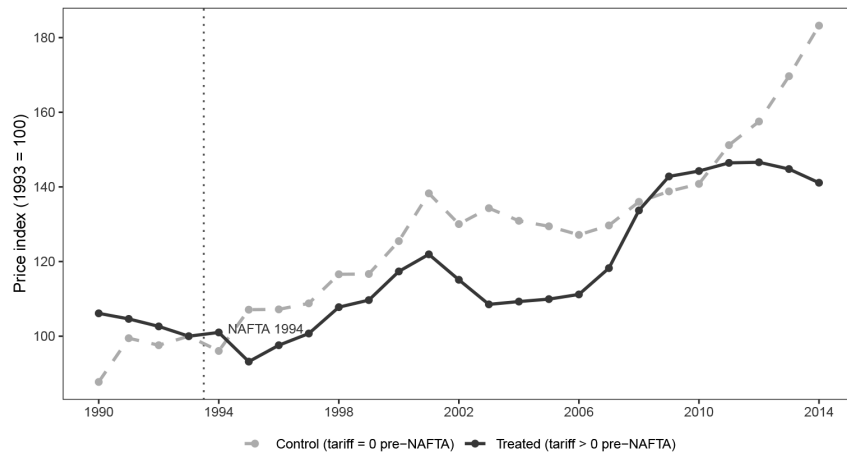
Rates are the U.S. MFN tariff applied to Mexico under NAFTA's scheduled phase-in. Vertical dashed line marks NAFTA implementation.

Figure 4 shows how BLS food items are distributed across tariff exposure groups. Roughly 40 percent of items had zero or near-zero pre-NAFTA tariffs and therefore faced near-zero NAFTA reductions; these items serve as a natural within-sample comparison group. The remaining items are spread across moderate and high exposure categories.

Figure 4: Distribution of BLS Food Items by NAFTA Tariff Exposure Group

Cumulative Food Price Growth by NAFTA Tariff Exposure

Average BLS price index (1993 = 100), U.S. City Average.



Exposure groups are defined by the magnitude of the total NAFTA tariff reduction (1993–2008).

4 Empirical strategy

The baseline specification is a first-difference model with two-way fixed effects:

$$(1) \quad \Delta \ln p_{irt} = \beta \tau_{it} + \alpha_{ir} + \alpha_t + \varepsilon_{irt}$$

where $\Delta \ln p_{irt} \equiv \ln p_{irt} - \ln p_{ir,t-1}$ is the annual log price change for food item i in region r and first-differencing removes any trend that results in unit roots in price series that could lead to spurious results with mechanically co-trending tariff phase outs (Newbold and Granger, 1974), τ_{it} is the level of the NAFTA preferential tariff rate (in percentage points), α_{ir} are item $\times$ region fixed effects that absorb permanent differences in price growth rates across products and regions, and α_t are year fixed effects that control for aggregate inflation and confounders common to all food categories.

The coefficient of interest β measures the association between the NAFTA tariff level and the annual rate of consumer price growth and we cluster standard errors are clustered by BLS item to allow for within-item serial correlation.

4.1 Identification

OLS estimates of β may be biased if the level of τ_{it} is correlated with unobserved determinants of annual price growth. NAFTA tariff cuts were concentrated in politically sensitive product categories, and demand or supply shocks specific to those products could bias the OLS estimate. We therefore instrument for τ_{it} using the Bartik-style (Bartik, 1991) instrument of Topalova (2010):

$$(2) \quad z_{it} = \tau_{i,pre} \times (t - 1993)$$

where $\tau_{i,pre}$ is the pre-NAFTA MFN rate for item i from the 1993 USITC tariff schedule. This instrument interacts cross-sectional variation in initial tariff exposure with the post-NAFTA time trend. Items with higher pre-NAFTA tariffs faced larger treaty-mandated reductions on a fixed phase-in schedule, generating predictable variation in τ_{it} that is uncorrelated with item-specific price dynamics. The first stage [exhibits] $F > 2,000$ which is well above conventional weak-instrument thresholds.

The exclusion restriction requires that pre-NAFTA tariff levels are uncorrelated with item-specific post-NAFTA price growth shocks conditional on item-region and year fixed effects. This is plausible because the 1993 tariff schedule reflects historical protection levels shaped by pre-NAFTA trade politics rather than contemporaneous price trends. We validate the assumption with a pre-trends test of which the reduced-form coefficient is small and statistically insignificant in the pre-NAFTA period (1990–1993), confirming that products facing larger NAFTA cuts were not on divergent price trends before the agreement took effect (*Table 1*, column 4). Moreover, we follow Goldsmith-Pinkham, Sorkin and Swift (2020) and conduct a placebo test using the post-liberalization period (2005–2014) which further confirms that the instrument has no predictive power for price growth once the tariff variation is exhausted (*Appendix A.1.1*).

The IV estimate exceeds the OLS estimate, consistent with OLS being attenuated by endogenous tariff variation in product categories facing adverse price shocks.

4.2 Local projections

To capture the cumulative price response across horizons, we use the Jordà (2005) local projection framework. For each horizon $h \in \{0, 1, \dots, 18\}$ we estimate:

$$(3) \quad \ln p_{ir,t+h} - \ln p_{ir,t-1} = \beta_h \tau_{it} + \alpha_{ir} + \alpha_t + \varepsilon_{irt}$$

instrumenting τ_{it} with z_{it} at every horizon separately. At $h = 0$, equation (3) coincides with the first-difference baseline. As h increases, $\wedge \beta_h$ traces the cumulative price adjustment: the estimated effect of a 1 percentage point higher tariff level on the cumulative log price change over $h + 1$ years. The sign-flipped sequence $\{-\wedge \beta_h\}$ represents the cumulative price reduction from a 1 percentage point tariff cut.

5 Results

Table 1 reports the baseline estimates. Column (1) is OLS: a one percentage point higher tariff level is associated with 0.0034 faster annual log price growth ($p < 0.10$). Column (2) is the preferred IV estimate of 0.0059 ($p < 0.01$). The IV coefficient is nearly twice the OLS, consistent with the predicted direction of attenuation bias—products with slower liberalization also had slower price growth for other reasons, compressing the OLS estimate toward zero. Column (3) adds bilateral import values as a control and the tariff coefficient rises slightly to 0.0068 and remains highly significant, consistent with the tariff channel operating partly through expectations and supply-chain adjustments rather than fully through observable import flows. The pre-trends reduced-form test on the 1990–1993 period (Column (4)) is close to

zero and statistically insignificant, supporting the parallel trends assumption required for identification.

Table 1: First-difference: NAFTA tariff pass-through to annual price changes

	OLS	IV (LATE)	IV + imports	Pre-trends
Tariff (import-weighted)	* 0.0034 (0.0017)	*** 0.0059 (0.0013)	*** 0.0068 (0.0014)	
Log imports CA+MX (value)			0.0049 (0.0032)	
Tariff _{pre} × year (RF)				0.0016 (0.0014)
Num. obs.	1,471	1,471	1,471	217
R ²	0.282	0.279	0.279	0.439
FE: Item × region	X	X	X	X
FE: Year	X	X	X	X

* $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$.

Clustered SE by BLS item. Item × region + year FEs. Outcome: $\Delta \ln p$ (annual log price change). Treatment: NAFTA preferential tariff level (percentage points). IV instrument: pre-NAFTA tariff × (year − 1993). Pre-trends column: reduced form on 1990–1993 only.

The preferred IV estimate implies that a one percentage point reduction in the NAFTA tariff rate reduced annual food price growth by approximately 0.6 percentage points. Given that the average total NAFTA reduction across our sample was roughly 5 percentage points for items with positive pre-NAFTA tariffs, this implies a contemporaneous price-level effect of 2–3 percent for the most exposed items. The import controls column confirms that the tariff channel is not fully mediated by import volumes alone, suggesting expectations and supply-chain adjustments also play a role.

5.1 Robustness

In *Appendix A.1* we assess the robustness of our estimates along three dimensions. First, in *Appendix A.1.1* we conduct a placebo test which rules out that we are capturing spurious correlation between NAFTA liberalization and persistent price dynamics. Second, we replace the legal NAFTA rate with an import-weighted tariff average constructed from UNCTAD/WITS data, and test heterogeneity by good type (primary input *vs.* final good) and by *ex-ante* NAFTA relevance (*Appendix Table 3*). Third, we instrument for import volumes with log Canada-Mexico food exports to non-U.S. destinations (following Autor, Dorn and Hanson, 2013), either separately or jointly with the Bartik tariff instrument (*Appendix Table 4*).

Third, another problem that could be compromising are U.S. food exports. With reciprocal tariff elimination through NAFTA, also Mexico and Canada lowered their tariffs for goods. Thus, increased demand from those countries could lead to increased prices for the goods that the U.S. exports. In that case, the negative price effect we find in our baseline model might be attenuated by rising prices in exported goods. To investigate the extend of this potential problem, in *Appendix A.1.4* we run models where we first remove goods that are U.S. export dominated from the sample and then estimate the effect of export goods on food prices. The results are somewhat counterintuitive to classical trade theory where we would expect a price increase of those goods, as empirically we find an evens stronger *decrease* of the domestic price of these goods.

However, this results in line with more recent trade literature, which reports strong productivity gains from increased export activity and thus cost reduction which translates into lower consumer prices (Trefler, 2004; Melitz, 2003; Crowley, Han and Prayer, 2024; Pavcnik, 2002). In addition, before NAFTA, tariff wedges between the U.S., Canadian, and Mexican markets allowed some price segmentation. As NAFTA eliminated those wedges on both sides—U.S. import tariffs on CA/MX goods and CA/MX import tariffs on U.S. goods—the regional market became more tightly integrated, which is in line with findings from the literature on market integration (*e.g.*, Crucini and Shintani, 2008).

5.2 Local Projections

Figure 5 presents the local projection estimates. The response function begins at 0.006 at $h = 0$ (consistent with the IV baseline) and rises gradually, reaching a cumulative price reduction of approximately 0.028 (2.8 percent) per percentage point of tariff cut by $h = 9$. *I.e.* after approximately 10 years the response stabilizes, with

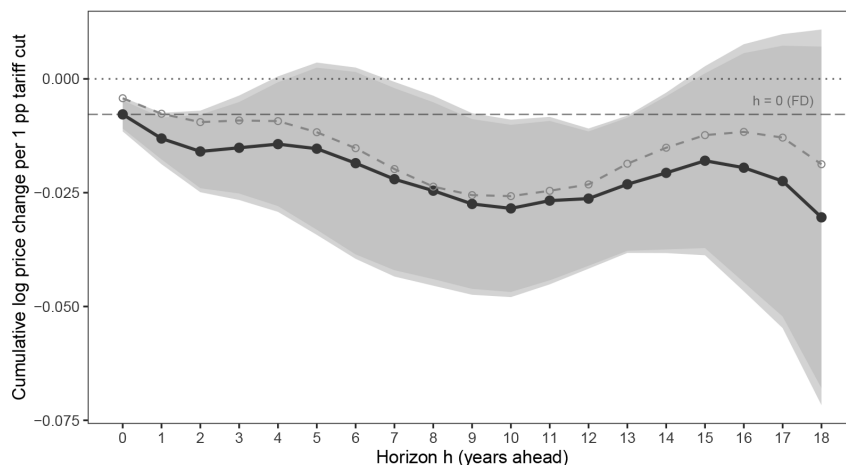
widening confidence intervals reflecting the reduced variation in tariff changes in the post-2005 period as most schedules reached zero.

Figure 5

Price Effect of a 1 pp NAFTA Tariff Cut

Outcome: $\log \text{ price}(t+h) - \log \text{ price}(t-1)$. IV (blue) vs. OLS (grey dashed). Negative = prices fall.

Inner band: 95% CI clustered by item. Outer band: two-way clustered (item + year). Instrument: $\text{tariff} \times (\text{year} - 1993)$.



Cumulative price response to a one percentage point NAFTA tariff cut, local projection estimates at horizons $h = 0$ to $h = 18$. The vertical axis is the sign-flipped LP coefficient: a positive value means a tariff cut lowered prices. Solid line: IV-2SLS point estimate. Inner shaded band: 95% CI clustered by BLS item. Outer shaded band: 95% CI two-way clustered by item and year.

The gradual buildup over the first decade is consistent with two complementary mechanisms. First, retail price adjustment is sluggish as contracts and supply-chain relationships mean that lower import costs pass through incompletely in the first year and accumulate as market relationships adjust (*e.g.*, Nakamura and Zerom, 2010; Gopinath and Itskhoki, 2010). Second, the supply response from Canadian and Mexican exporters expands over time as productive capacity adjusts to guaranteed market access, which confirms the findings of Trefler (2004) for the Canada-U.S. FTA. The stabilization after year 10 aligns with the near-complete phase-in of NAFTA tariff schedules by 2005–2008.

6 Counterfactual analysis

In order to put these estimates in context of household consumption, we construct a counterfactual U.S. food price index under the assumption that NAFTA had never been implemented—that is, preferential tariffs remained at their 1993 MFN levels throughout the sample period. The simulation applies the estimated local projection coefficients $\{\hat{\alpha}_h\}$ to item-level NAFTA tariff changes. For each BLS food item i and year t , the cumulative price impact of all NAFTA tariff changes from 1994 through t is computed using the appropriate horizon-specific LP coefficient. Item-level counterfactuals are then aggregated to a food price index using fixed Laspeyres expenditure weights from the 1993 BLS consumer expenditure survey.

An important caveat is that this counterfactual is a partial-equilibrium exercise. It holds all other factors such as macroeconomic conditions, agricultural technology, energy costs, and non-NAFTA trade policy, at their observed values and asks only what would have happened to retail food prices if the NAFTA tariff reductions had not occurred. General equilibrium adjustments to production, trade patterns, and investment in all three countries are not captured. The counterfactual should accordingly be interpreted as the price effect of the tariff changes themselves, not as a comprehensive welfare accounting.

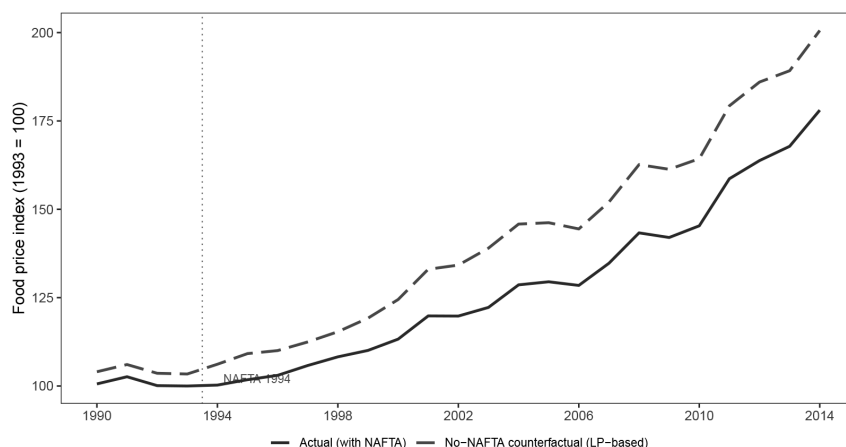
6.1 What NAFTA Saved Consumers

Figure 6 presents the key result. The actual U.S. food price index (1993 = 100) and the simulated no-NAFTA counterfactual for 1990–2014. The two series diverge progressively after 1994, with the gap widening most rapidly during the 2000s as the LP response function accumulates and the tariff schedule approaches its final zero rate.

Figure 6: U.S. food price index: actual and no-NAFTA counterfactual, 1990–2014 (1993 = 100)

NAFTA Counterfactual: U.S. Food Price Index

Laspeyres food price index, 1993 = 100. BLS U.S. City Average, 60 items. Counterfactual: $\text{price} \times \exp(\cdot(h) \times \text{tariff}.)$, $\cdot(h)$ from FD local projection, plateau h .



Solid line: BLS food-at-home price index. Dashed line: simulated counterfactual constructed by applying LP pass-through estimates to actual NAFTA tariff changes.

By 2014, the food price index is approximately 22 index points below the no-NAFTA counterfactual. With the actual food CPI near 160 in 2014, this gap represents a proportional reduction of roughly 12 percent relative to the counterfactual level of approximately 182. Put differently, consumers in 2014 faced food prices about 12 percent lower than they would have been absent NAFTA liberalization.

6.2 Household-Level Implications

To translate the aggregate effect into household terms, we apply the 12 percent proportional price reduction to average household food-at-home spending from the BLS Consumer Expenditure Survey. The average U.S. household spent approximately \$4,000 per year on food at home in the mid-2010s (U.S. Bureau of Labor Statistics, 2016). Thus, [a] 12 percent reduction in the cost of that basket implies savings of approximately \$500 per year for the average household by 2014.

These savings were not uniformly distributed across the income distribution. Lower-income households spend a substantially larger share of their total budget on food (e.g., Fajgelbaum and Khandelwal, 2016). Households in the lowest income quintile allocate roughly 15–16 percent of expenditure to food at home, compared with 7–8 percent for households in the highest quintile (U.S. Bureau of Labor Statistics, 2020). For a household earning \$25,000 per year, NAFTA food savings of \$400–\$500 represent a meaningfully larger share of total income than the same absolute dollar amount does for a high-income household.

6.3 Total CPI Impact

Food at home constitutes approximately eight percent of the total CPI basket. Applying this weight to the 22-index-point reduction in the food CPI yields a contribution to total CPI of approximately 1.8 percentage points of cumulative suppression over the 1994–2014 period. This is the total accumulated reduction in the price level relative to the no-NAFTA counterfactual—not an annual rate but a cumulative stock effect.

7 Forecasting & Simulating Removal of USMCA

The core question of this report is what would happen to U.S. consumer prices if the USMCA would be removed. While forecasting such a scenario is a tall order and naturally can not account for potential simultaneous other drivers and policies, our NAFTA pass-through estimates provide a direct basis for projecting the price effects of removing USMCA tariff preferences. If USMCA were terminated and MFN rates were reinstated on food imports from Canada and Mexico, the tariff changes would be the mirror image of the NAFTA phase-in-increases of the same magnitude as the decreases that occurred from 1994 through the mid-2000s. We apply the LP coefficients $\{\lambda\beta_h\}$ to the full reinstatement of 1993 MFN rates, constructing item-level simulated price increases and aggregating using Laspeyres weights.

A key question is whether the pass-through coefficients estimated during the NAFTA phase-in remain applicable today. The world and the U.S. economies have changed fundamentally between the 1990s and today and it is impossible to account for all structural changes and how they would affect the trade-price relationship. However, one important structural change since 1994 is the depth of North American supply chain integration. U.S. dependence on food imports from Canada and Mexico has grown substantially and perhaps captures other fundamentally changing economics. *I.e.* for many product categories, import volumes from Canada and Mexico are three to five times higher than in the mid-1990s. A tariff shock hitting a market where imports supply a larger share of domestic consumption should, all else equal, generate a larger retail price response than the same shock hitting a less-integrated market. Applying the 1994-era pass-through coefficient unchanged therefore likely understates the current price impact.

We therefore present two scenarios:

- **Scenario A: symmetric reversal.** We apply the LP pass-through coefficient directly, without adjustment for changes in import dependence. This treats the current market as if it were as trade-exposed as in 1994 and provides a lower bound on the price impact.
- **Scenario B: import growth-adjusted reversal.** The pass-through coefficient for each item is scaled upward by the ratio of recent import volume (BACI average 2020–22) to early-NAFTA import volume (BACI average 1994–96), capped at a factor of 5 to avoid extreme values for items that started from near-zero imports (*e.g.*, avocados). This scaling reflects today's trade relationship which have been growing in size but also towards deeper supply-chain integration since NAFTA.

Across both of these scenarios we look at effects on the food sector only. Of course NAFTA and USMCA cover many more goods and services that contribute to CPI, all of which are held constant in this analysis.

7.1 Aggregate Food Price Effects

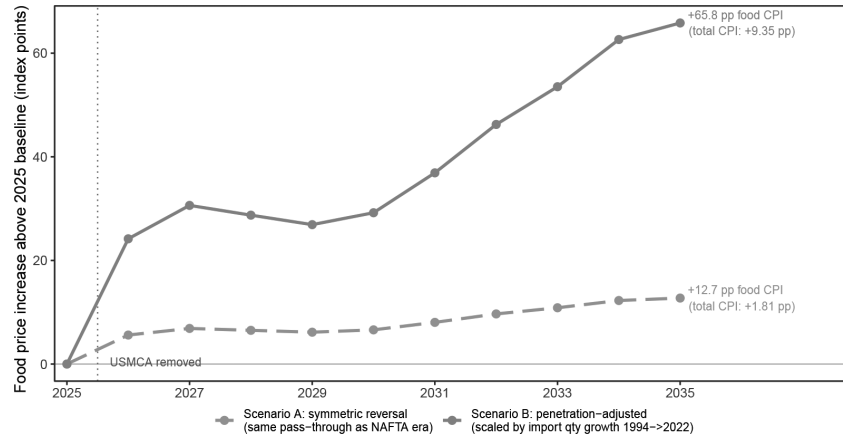
Figure 7 shows the simulated path of the aggregate food price index under both scenarios. Both series rise progressively above baseline, with approximately half the total effect materializing within the first 5 years. Under Scenario A (symmetric), the food price index rises approximately 12–13 index points above baseline within a decade. Under Scenario B (import growth-adjusted), the projected increase is larger, reflecting the deeper integration of U.S. food markets with Canadian and Mexican supply chains since NAFTA. The gap between the two scenarios is widest for product categories—such as tomatoes, avocados, and fresh berries—where import volumes from Canada and Mexico have grown most dramatically since the mid-1990s.

Figure 7: Projected food price impact of USMCA removal

Projected Price Impact of Removing USMCA (2025–2035)

Food CPI gap above 2025 baseline (index pts., 2025=100). LP impulse response plateaus at $h=10$ years.

Scenario B scales pass-through by import quantity growth from MX+CA (BACI 2020–22 *vs.* 1994–96, capped at 5 $\times$).



Food price index gap above the no-reversal baseline (2025 = 100). Scenario A (dashed): symmetric reversal applying NAFTA-era pass-through directly. Scenario B (solid): import growth-adjusted, scaling pass-through by import quantity growth from Canada and Mexico (BACI 2020–22 *vs.* 1994–96, capped at 5 $\times$).

7.2 Total CPI and Inflation Implications

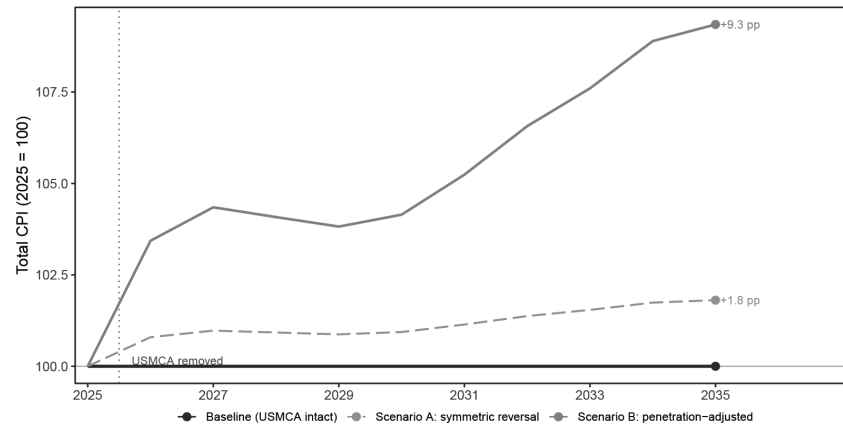
Figure 8 presents the total CPI implications of each scenario. Weighting the food price effect by the food-at-home CPI share (approximately 14 percent), Scenario A would add approximately 1.8 percentage points to cumulative CPI within a decade. Scenario B implies a larger increase commensurate with the higher effective pass-through in today's more integrated markets. Both represent permanent additions to the price level that would not self-reverse absent policy action or other technological innovation.

Figure 8: Simulated effect of USMCA tariff reversal on total CPI (2025 = 100)

Total CPI Under USMCA Removal (2025–2035)

Total CPI index, 2025 = 100. Food-at-home share = 14.2% (BLS). Non-food prices held constant.

Scenario B scales pass-through by import quantity growth from MX+CA (BACI, capped 5 $\times$).



Scenario A (dashed): symmetric reversal. Scenario B (solid): import growth-adjusted. Baseline (solid blue): no reversal. Non-food prices held constant.

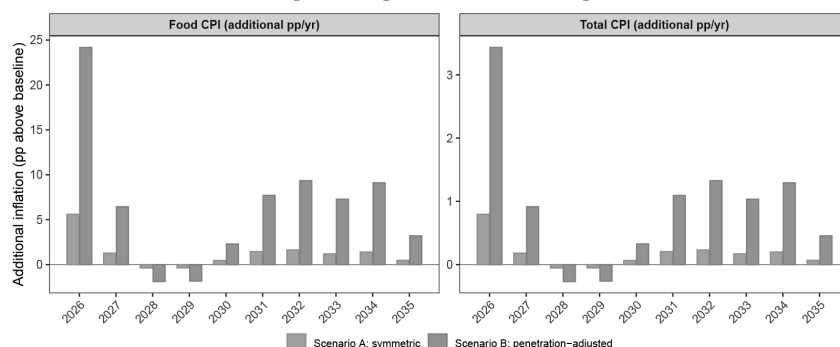
Figure 9 shows the *additional annual inflation* each scenario would generate above baseline. The model predicts a front-loaded spike in annual food price inflation, particularly in the first 2 to 3 years after removal, followed by gradual moderation as the LP response function accumulates toward its plateau. Inflation remains elevated relative to baseline for approximately a decade, with Scenario B consistently exceeding Scenario A due to the higher effective pass-through in today's more integrated markets.

Figure 9: Additional annual inflation from USMCA removal

Additional Annual Inflation from USMCA Removal

Year-over-year change in the price-level gap caused by USMCA removal (percentage points above baseline). Positive = removal adds to inflation that year.

Effect builds as LP impulse response accumulates, peaks around $h=10$.



Year-over-year increase in food CPI and total CPI above the no-reversal baseline (percentage points). Positive values mean USMCA removal adds to inflation in that year. Scenario A: symmetric reversal. Scenario B: import growth-adjusted.

7.3 Product-Level Exposure

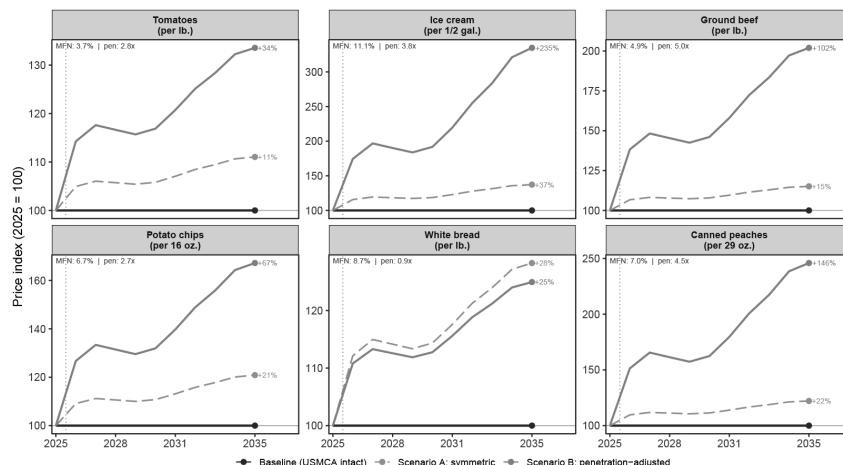
Figure 10 disaggregates the projected price increases by food category under both scenarios. The spread between Scenario A and Scenario B is largest for products with high import growth, *i.e.*, tomatoes and ground beef, sourced far more heavily from Mexico and Canada today than in 1994, show substantially higher penetration-adjusted pass-through. For processed goods like bread and crackers, where domestic production still dominates, the two scenarios converge because import penetration growth has been more modest.

Figure 10: Product-level price trajectories under USMCA removal (2025 = 100)

Product-Level Price Trajectories Under USMCA Removal

Price index, 2025 = 100. LP impulse response applied as positive tariff shock.

Scenario B multiplies pass-through by import penetration ratio (BACI qty. 2020–22/1994–96, capped at 5×). MFN = pre-NAFTA tariff reinstated. pen = penetration ratio.



Baseline (blue): no reversal. Scenario A (dashed): symmetric reversal. Scenario B (solid): penetration-adjusted. Header annotations show the pre-NAFTA MFN tariff reinstated and the import penetration ratio used in Scenario B.

7.4 Distributional Considerations

The aggregate effects mask an important distributional dimension. Lower-income households spend a larger share of income on food and would bear a disproportionately large burden from food price increases. Under either reversal scenario, the real purchasing power loss for households in the lowest income quintile—as a share of total income—would be roughly twice as large as for households in the highest income quintile. The consumer benefits of maintaining USMCA food preferences are therefore progressively distributed. The gains accrue proportionally more to lower-income households, and any reversal would impose proportionally higher costs on them.

7.5 Caveats and Limitations

The counterfactual analysis and simulations represent partial-equilibrium projections based on reduced-form pass-through estimates from the NAFTA liberalization episode. They do not account for general equilibrium responses, *i.e.*, potential supply expansion by domestic producers, exchange rate adjustments, or shifts in sourcing to non-NAFTA partners. Pass-through from tariff increases may also differ from pass-through from tariff reductions if retail pricing is asymmetric. The penetration scaling in Scenario B applies a proportional adjustment that does not capture heterogeneity in supply elasticities across items. The true preferred estimate likely lies between the two scenarios.

With those caveats noted, the NAFTA pass-through estimates remain the most credible available evidence on the likely price effects of changes to USMCA food tariff preferences. No comparable natural experiment of similar magnitude and duration has occurred in U.S. food trade policy since NAFTA, making the phase-in episode the natural empirical benchmark for projecting the effects of potential policy changes.

8 Conclusion

This report has used the NAFTA trade liberalization episode as a natural experiment to estimate the causal pass-through from tariff reductions to U.S. retail food prices. Matching BLS average price data for 85 food items to legal NAFTA tariff schedules and bilateral trade flows, and exploiting the cross-sectional variation in pre-NAFTA tariff levels as an instrument for the treaty-mandated phase-in schedule, we find clear and robust evidence that NAFTA tariff cuts reduced U.S. food prices.

The preferred IV estimate implies that a one percentage point reduction in the NAFTA preferential tariff reduced annual food price growth by approximately 0.6 percentage points. Local projections trace the cumulative price adjustment over time: the effect grows gradually to 2.8 percent per percentage point of tariff cut after

approximately 10 years before stabilizing, consistent with gradual supply-chain adjustment and expanding import competition. Aggregated to the food price index, NAFTA liberalization reduced the food price level by approximately 22 index points (1993 = 100) by 2014 relative to a no-NAFTA counterfactual-equivalent to roughly \$500 per year in food savings for the average household and 1.8 percentage points of cumulative total CPI suppression over the full phase-in period.

An important finding is that the pass-through is not confined to import-competing goods. Products for which the United States is a net exporter to Canada and Mexico—wheat, corn, and certain beef cuts—show at least as large a price reduction following NAFTA tariff cuts as import-competing goods. This is consistent with North American commodity market integration tightening the law of one price on both sides of the border, and with the productivity and efficiency gains that export market access generates for domestic producers. The result underscores that the consumer benefits of NAFTA extended broadly across the food basket, not only to goods directly competing with Mexican and Canadian imports.

The forward-looking simulations show that removing USMCA tariff preferences would reverse these gains. Under a symmetric reversal scenario (lower bound), the food price index would rise approximately 12–13 index points above baseline within a decade, adding 1.8 percentage points to cumulative CPI. Under a penetration-adjusted scenario that accounts for the deeper supply-chain integration that has occurred since NAFTA, the projected price increase is larger. In both scenarios the price impact is front-loaded, with annual food inflation elevated for approximately a decade before the adjustment completes. The distributional burden would fall disproportionately on lower-income households, for whom food represents a larger share of total expenditure.

The evidence assembled in this report makes clear that the food tariff preferences embedded in USMCA have delivered, and continue to deliver, substantial and measurable consumer benefits. The NAFTA episode provides the most credible available empirical benchmark for evaluating what is at stake in any future changes to those preferences.

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Appendix

A.1 Robustness checks

In this section, we challenge the identifying assumptions of our baseline model and assess the robustness of its results. First, we run a placebo test where we pretend NAFTA was removed a decade later and [assess] whether we would still find similar results which would undermine our identification strategy. Second, we test alternative IV, most notably Autor, Dorn and Hanson (2013)-style exposure instruments where we use Canadian and Mexican export growth to the rest of the world as exogenous supply shocks. Third, we estimate the model in levels under the use of fixed effects instead of first differences as in our baseline model, which however could be subject to spurious regression effects.

A.1.1 Placebo Test

A placebo for this design exploits the fact that the NAFTA phase-in was essentially complete by the mid-2000s. By 2005, virtually all preferential tariff rates for Mexico had reached zero and there is no remaining tariff variation to transmit to consumer prices. The Bartik instrument $z_{it} = \tau_{i,pre} \times (t - 1993)$, however, continues to grow mechanically throughout this period, reaching values of 12 to 21 by 2005–2014. If the baseline result were capturing a spurious correlation between pre-NAFTA protection levels and some persistent feature of price dynamics in highly-protected product categories—rather than the actual tariff cuts—we would still find a significant reduced-form coefficient when we restrict the sample to this post-liberalization window.

Appendix Table 2 reports the reduced-form regression of $\Delta \ln p_{it}$ on z_{it} over 2005–2014 only. The coefficient is small and statistically indistinguishable from zero, indicating that the instrument has no predictive power for price growth once the tariff variation is exhausted. This strongly supports the interpretation of the baseline result as a genuine tariff pass-through effect rather than a spurious trend correlation. It also rules out the concern that the pre-NAFTA tariff level captures some persistent structural feature of product categories, such as lower productivity growth or weaker domestic competition, that independently drives slower price growth over the long run.

Table 2: Placebo Test: Reduced Form on Post-Liberalization Period

	Placebo (2005–2014)
Tariff×year (RF)	-3.854×10^{-4} (4.622×10^{-4})
Num. Obs.	460
R ²	0.342
FE: Item×region	X
FE: Year	X

* p < 0.1, ** p < 0.05, *** p < 0.01.

Clustered SE by BLS item. Item×region + year FEs. Outcome: $\Delta \ln p$. Sample: 2005–2014, after NAFTA tariff phase-in is complete. Instrument Tariff×year continues to grow mechanically but has no remaining tariff variation to transmit. A significant coefficient would indicate the baseline result is spurious.

A.1.2 OLS Robustness: Tariff Measure and Heterogeneity

Table 3 reports six OLS specifications. Columns (1)–(2) replicate the baseline with import-weighted average tariffs constructed from UNCTAD/WITS data, with and without log import volumes as a control. Column (2q) substitutes import quantities for import values. Column (3) uses an unweighted simple average tariff across linked HS6 codes, confirming that the negative coefficient is not an artifact of the import-weighting scheme. Column (4) interacts the tariff with an indicator for items classified as high NAFTA relevance in the concordance; the interaction is negative but imprecisely estimated, suggesting limited heterogeneity along this dimension.

Column (5) separates the tariff into a primary-input component and a final-good component; both carry negative coefficients of similar magnitude, indicating that pass-through operates through both the input-cost and direct import-competition channels.

A.1.3 Alternative Instruments

The baseline instrument interacts each item's pre-NAFTA MFN tariff with the post-NAFTA time trend, exploiting the treaty-mandated phase-in schedule. A potential concern is that the phase-in schedule is not strictly exogenous: items that faced larger cuts may have been selected for liberalization precisely because they were expected to generate large consumer gains, or because their domestic producers were weakening. If so, the instrument may be correlated with unobserved post-NAFTA price dynamics through channels other than the tariff itself.

Table 3: NAFTA Preference Margin Pass-Through to U.S. Food Prices (Panel FE)

	(1) Tariff	(2) Tariff + Trade (val)	(2q) Tariff + Trade (qty)	(3) Unweighted tariff	(4) NAFTA relevance	(5) Primary vs. Final
Tariff (import-weighted)	* -0.013 (0.007)	* -0.012 (0.006)	* -0.013 (0.007)		-0.011 (0.007)	
Tariff (simple avg.)				-0.002 (0.001)		
Log imports CA+MX (value)		* 0.019 (0.010)		* 0.019 (0.010)	* 0.019 (0.010)	0.022 (0.017)
Log imports CA+MX (qty)			0.003 (0.007)			
Tariff $\times$ High relevance					-0.007 (0.009)	
Tariff, primary inputs						-0.003 (0.002)
Tariff, final goods						-0.001 (0.001)
Num. Obs.	4,290	4,290	4,290	4,130	4,290	2,910
R^2	0.982	0.982	0.982	0.982	0.982	0.983
FE: item $\times$ region	X	X	X	X	X	X
FE: year	X	X	X	X	X	X

* p < 0.1, ** p < 0.05, *** p < 0.01.

Clustered SE by BLS item. Outcome: log(annual average price). FEs: item $\times$ region + year. Treatment: import-weighted NAFTA tariff (UNCTAD/WITS).

Appendix Table 4 addresses this by reporting six alternative IV specifications that vary the endogenous variable being instrumented and the choice of instrument.

Instrumenting for import volumes. Columns (C) and (D) instrument for log imports (value and quantity, respectively) using log CA+MX food exports to non-U.S. destinations (BACI). This is an ADH-style supply-side instrument: when Canada and Mexico ship more food to third countries, their agricultural sectors are expanding—and this supply expansion also raises exports to the U.S., independently of U.S. demand shocks. The first-stage F -statistic for import quantity (34.4) indicates adequate strength; for import value (0.1) it is weak, reflecting noise in dollar-value trade flows. Columns (C) and (D) show that instrumenting for imports rather than tariffs yields imprecise estimates with large standard errors, confirming that the tariff channel—not the import volume channel *per se*—is where identification is cleanest.

Joint instrumentation. Columns (E) and (F) instrument for both the tariff and log imports simultaneously, using the Bartik instrument and the ROW exports instrument in a just-identified 2SLS system. First-stage F -statistics for the tariff remain strong (around 1,100), but the estimates become very noisy once imports are also treated as endogenous, reflecting the weak first stage for import value. The quantity-based version (column F) is better behaved, with an import first-stage F of 37.3, but the tariff coefficient (-0.014) remains insignificant at conventional levels with standard errors around 0.015. The instability across columns (E) and (F) relative to columns (A) and (B)—where only the tariff is instrumented and the coefficient is around -0.009—is consistent with the import volume control being a weak additional regressor rather than a separately identified channel.

Table 4: NAFTA Tariff Pass-Through: IV Estimates (Panel FE)

	(A) tariff IV (val)	(B) tariff IV (qty)	(C) imports IV (val)	(D) imports IV (qty)	(E) both IV (val)	(F) both IV (qty)
Tariff (import-weighted)	-0.009 (0.012)	-0.009 (0.012)	0.086 (0.909)	* -0.017 (0.010)	-0.202 (1.758)	-0.014 (0.015)
Log imports CA+MX (value)	0.011		1.285		-1.690	
1st-stage F: tariff	2,109.8	2,165.2			1,122.9	1,114.0
1st-stage F: imports (val)			0.1	31.5		
1st-stage F: imports (qty)			(11.269)	34.4	(15.958)	37.3
Log imports CA+MX (qty)	0.004	-0.037	-0.042			
Num. Obs.	1,668	(0.005) 1,668	1,668	(0.064) 1,668	1,668	(0.059) 1,668
R2	0.989	0.989	0.190	0.987	-0.435	0.987
FE: bls_item_code×region_name	X	X	X	X	X	X
FE: year	X	X	X	X	X	X

* p < 0.1, ** p < 0.05, *** p < 0.01.

Clustered SE by BLS item. Item×region + year FEs. Instrument for tariff: pre-NAFTA tariff level × year. Instrument for imports: log(CA+MX food exports to non-U.S. destinations, BACI).

Columns (A) and (B) are the most credible IV specifications: the tariff is strongly instrumented ($F > 2,000$ in the full FD sample; $F > 1,100$ here), the point estimates are stable, and they align well with the baseline first-difference result.

A.1.4 Export-Exposed Goods

For goods where the U.S. is a net exporter to Canada and Mexico, NAFTA operates through a different channel: rather than lowering the U.S. import tariff, it lowers the CA/MX tariff on U.S. goods, raising U.S. export demand and potentially pushing domestic prices *upward*. Including such goods in the regression would bias the pass-through estimate toward zero, since their price response runs in the opposite direction to the import channel we are trying to identify.

We identify three categories where this concern is relevant based on U.S. trade patterns. First, wheat and wheat-linked products (flour, bread, pasta, crackers, cookies): the U.S. is one of the world's largest wheat exporters and Mexico is a significant destination. Second, corn (fresh and canned): the U.S. dominates global corn exports and Mexico is the largest single buyer. Third, beef: the U.S.-Canada bilateral beef trade is genuinely two-way, with meaningful export flows in both directions.

All three specifications in *Appendix Table 5* estimate first-difference models with item×region and year fixed effects, and IV instrumented by $\tau_{i,\text{pre}} \times (t - 1993)$ throughout. Columns (1) and (2) drop the export-exposed items and re-estimate the baseline OLS and IV specifications on the remaining import-competing sample. Column (3) estimates the same IV on the export-exposed subsample only.

Table 5: Robustness: Excluding U.S. Export-Exposed Food Items

	(1) OLS, excl. export goods	(2) IV, excl. export goods	(3) IV, export goods only
Tariff (import-weighted)	* 0.0042 (0.0024)	*** 0.0079 (0.0022)	*** 0.0097 (0.0025)
Num. Obs.	1,085	1,085	460
R2	0.226	0.220	0.416
FE: Item×region	X	X	X
FE: Year	X	X	X

* p < 0.1, ** p < 0.05, *** p < 0.01.

Clustered SE by BLS item. Item×region + year FEs. Outcome: $\Delta \ln p$. IV instrument: tariff pre×year. Export-exposed items: wheat/flour-linked goods, corn, and beef (goods where the U.S. exports significantly to CA+\$MX). Columns (1)–(2) drop these items. Column (3) estimates the same IV on the export-exposed subsample only; a near-zero or positive coefficient would indicate the export price channel dominates for these goods.

The results go against the attenuation concern. The IV pass-through coefficient for import-competing goods (column 2) is stable relative to the full-sample baseline (0.0059), confirming the baseline is not driven downward by export goods. More strikingly, the coefficient for export-exposed items (column 3) is larger than for import-competing goods, not smaller. This suggests that for wheat, corn, and beef, the U.S. domestic price is sufficiently integrated with the North American market that it responds to NAFTA tariff changes regardless of trade direction, likely because

these are commodity markets where U.S. producer prices adjust to North American price signals in both directions.

A.2 More Data and Descriptives

A.2.1 Concordance Table

A key contribution of the data assembly is a manually constructed concordance linking BLS average price series to the HS6 trade codes that contribute to each product's price. This mapping is non-trivial because BLS and HS classifications are developed for different purposes—the former reflecting consumer expenditure categories, the latter reflecting customs administration—and no official crosswalk exists between them.

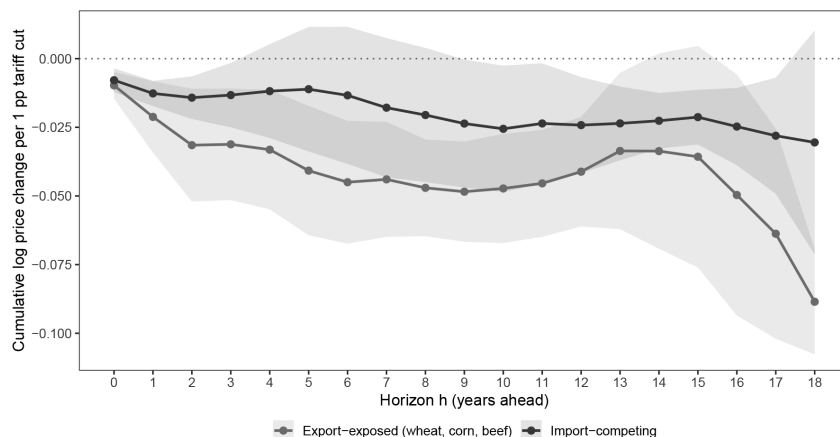
For each BLS item, we identify all HS6 codes whose trade flows plausibly affect that retail price, distinguishing three roles: *final goods* (the traded product itself, e.g., fresh tomatoes for the tomato price series), *primary inputs* (the raw agricultural commodity input, e.g., wheat for bread prices), and *intermediate inputs* (processed goods that enter as inputs, e.g., flour for bread, or milk for butter). This supply-chain structure allows us to capture both direct price effects—where the imported good is the final consumer product—and indirect effects operating through input cost channels.

Figure A.1: Cumulative price effects of NAFTA liberalization for export-exposed and import-competing food items

Price Effect of a 1 pp NAFTA Tariff Cut: Export vs. Import-Competing Goods

Outcome: $\log \text{price}(t+h) - \log \text{price}(t-1)$. IV-2SLS; instrument: $\text{tariff} \times (\text{year} - 1993)$.

Bands: 95% CI clustered by BLS item. Export-exposed: wheat/flour-linked, corn, beef.



The concordance covers 33 unique HS6 codes matched to 30 BLS item codes, yielding 104 distinct HS6–BLS pairs once supply-chain linkages are accounted for. Match quality is classified as *exact* (clean one-to-one correspondence between HS6 and BLS category), *broad* (some aggregation mismatch, such as an HS6 code covering multiple varieties tracked separately by BLS), or *no match* (no usable BLS series available). The core empirical analysis uses exact and broad matches, with robustness checks restricted to exact matches only.

The three sources are merged on HS6 code, trading partner, and year to produce the analytical panel. Each observation represents a unique combination of HS6 product, BLS price series, trading partner (Mexico or Canada), geographic area (national or one of four Census regions), and year. The panel is unbalanced due to the varying temporal coverage of individual BLS series—some series were discontinued before 2014, others began after 1990—as well as residual gaps in price data for specific region-product combinations.

A.2.2 *Tariffs***Table 6: NAFTA Preferential Tariff Rates by Year: Treated Items**

Year	<i>N</i>	Mean (%)	Min (%)	Max (%)
1990	26	6.7	1.0	20.0
1991	26	6.7	1.0	20.0
1992	26	6.7	1.0	20.0
1993	26	6.7	1.0	20.0
1994	26	4.9	0.0	13.2
1995	26	3.8	0.0	11.8
1996	26	2.7	0.0	10.3
1997	26	1.3	0.0	7.0
1998	26	0.9	0.0	5.1
1999	26	0.8	0.0	4.5
2000	26	0.7	0.0	5.7
2001	26	0.4	0.0	3.9
2002	26	0.3	0.0	3.1
2003	26	0.1	0.0	2.5
2004	26	0.1	0.0	2.0
2005	26	0.1	0.0	1.3
2006	26	0.0	0.0	0.8
2007	26	0.0	0.0	0.5
2008	26	0.0	0.0	0.0
2009	26	0.0	0.0	0.0
2010	26	0.0	0.0	0.0
2011	26	0.0	0.0	0.0
2012	26	0.0	0.0	0.0
2013	25	0.0	0.0	0.0
2014	25	0.0	0.0	0.0

Note: Legal *ad valorem* NAFTA preferential tariff rate applied to Mexican goods entering the U.S., simple average across concordance HS6 codes per BLS item. Sample: 23 treated items with a positive pre-NAFTA MFN *ad valorem* rate (FRS 1993). Pre-1994 rates are the MFN rate from the *Federal Register Supplement*; 1994–1996 are back-filled or linearly interpolated to the first observed USITC rate; 1997–2014 are from the USITC annual HTS schedule (Mexico NAFTA preferential rate).

A.2.3 *Concordance Table***Table 7: BLS Item to HS6 Concordance**

BLS Code	BLS Item	HS6	HS Product Desc.	Type	Rel.
Grains & Cereals					
701111	Flour, white, all purpose, per lb.	110100	Wheat/meslin flour	F	H
		100190	Wheat, other than durum	P	H
701311	Rice, white, precooked, per lb.	190420	Prepared foods, swelled cereals	F	L
		100630	Rice, semi/wholly milled	P	L
701312	Rice, white, long grain, per lb.	100630	Rice, semi/wholly milled	F	L
		100610	Rice, not husked (paddy)	P	L
701321	Spaghetti, per lb.	190211	Pasta, uncooked, not stuffed	F	M
		100190	Wheat, other than durum	P	M
		110100	Wheat/meslin flour	I	M
701322	Spaghetti and macaroni, per lb.	190211	Pasta, uncooked, not stuffed	F	M
		100190	Wheat, other than durum	P	M
		110100	Wheat/meslin flour	I	M
Baked Goods					
702111	Bread, white, pan, per lb.	190110	Bread, pastry, cakes	F	M
		100190	Wheat, other than durum	P	M
		110100	Wheat/meslin flour	I	M
702112	Bread, French, per lb.	190110	Bread, pastry, cakes	F	M
		100190	Wheat, other than durum	P	M
		110100	Wheat/meslin flour	I	M
702212	Bread, whole wheat, pan, per lb.	190110	Bread, pastry, cakes	F	M
		100190	Wheat, other than durum	P	M
		110100	Wheat/meslin flour	I	M

Table 7: BLS Item to HS6 Concordance—Continued

BLS Code	BLS Item	HS6	HS Product Desc.	Type	Rel.
702221	Rolls, hamburger, per lb.	190110	Bread, pastry, cakes	F	M
		100190	Wheat, other than durum	P	M
		110100	Wheat/meslin flour	I	M
702421	Cookies, chocolate chip, per lb.	190531	Sweet biscuits	F	M
		110100	Wheat/meslin flour	I	M
		170111	Sugar, raw cane	I	M
		180100	Cocoa beans	P	M
702611	Crackers, soda, salted, per lb.	190540	Rusks, toasted bread, crackers	F	M
		110100	Wheat/meslin flour	I	M
Beef					
703111	Ground chuck, 100% beef, per lb.	020130	Beef cuts boneless, fresh/chilled	F	H
		010221	Cattle, pure-bred breeding	P	H
703112	Ground beef, 100% beef, per lb.	020130	Beef cuts boneless, fresh/chilled	F	H
		010221	Cattle, pure-bred breeding	P	H
703113	Ground beef, lean/extra lean, per lb.	020130	Beef cuts boneless, fresh/chilled	F	H
		010221	Cattle, pure-bred breeding	P	H
703211	Chuck roast, bone-in, per lb.	020120	Beef cuts bone-in, fresh/chilled	F	H
		010221	Cattle, pure-bred breeding	P	H
703213	Chuck roast, boneless, per lb.	020130	Beef cuts boneless, fresh/chilled	F	H
		010221	Cattle, pure-bred breeding	P	H
703311	Round roast, boneless, per lb.	020130	Beef cuts boneless, fresh/chilled	F	H
		010221	Cattle, pure-bred breeding	P	H
703411	Rib roast, bone-in, per lb.	020120	Beef cuts bone-in, fresh/chilled	F	H
		010221	Cattle, pure-bred breeding	P	H
703422	Steak, T-bone, bone-in, per lb.	020120	Beef cuts bone-in, fresh/chilled	F	H
		010221	Cattle, pure-bred breeding	P	H
703425	Steak, rib eye, boneless, per lb.	020130	Beef cuts boneless, fresh/chilled	F	H
		010221	Cattle, pure-bred breeding	P	H
703432	Beef for stew, boneless, per lb.	020130	Beef cuts boneless, fresh/chilled	F	H
		010221	Cattle, pure-bred breeding	P	H
703511	Steak, round, boneless, per lb.	020130	Beef cuts boneless, fresh/chilled	F	H
		010221	Cattle, pure-bred breeding	P	H
703611	Steak, sirloin, bone-in, per lb.	020120	Beef cuts bone-in, fresh/chilled	F	H
		010221	Cattle, pure-bred breeding	P	H
703613	Steak, sirloin, boneless, per lb.	020130	Beef cuts boneless, fresh/chilled	F	H
		010221	Cattle, pure-bred breeding	P	H
FC1101	All uncooked ground beef, per lb.	020130	Beef cuts boneless, fresh/chilled	F	H
		010221	Cattle, pure-bred breeding	P	H
FC2101	All uncooked beef roasts, per lb.	020120	Beef cuts bone-in, fresh/chilled	F	H
		010221	Cattle, pure-bred breeding	P	H
FC3101	All uncooked beef steaks, per lb.	020130	Beef cuts boneless, fresh/chilled	F	H
		010221	Cattle, pure-bred breeding	P	H
Pork					
704111	Bacon, sliced, per lb.	020319	Pork, other fresh/chilled	F	H
		010290	Live swine, other	P	H
704211	Chops, center cut, bone-in, per lb.	020311	Pork, carcasses/halves	F	H
		010290	Live swine, other	P	H
704212	Chops, boneless, per lb.	020311	Pork, carcasses/halves	F	H
		010290	Live swine, other	P	H
704311	Ham, bone-in, smoked, per lb.	021011	Ham/shoulder, bone-in, cured	F	H
		010290	Live swine, other	P	H
704312	Ham, boneless, per lb.	021019	Pig meat, other cured	F	H
		010290	Live swine, other	P	H
704421	Sausage, fresh, loose, per lb.	160100	Sausages and similar products	F	M
		020319	Pork, other fresh/chilled	I	M
		010290	Live swine, other	P	M

Table 7: BLS Item to HS6 Concordance—Continued

BLS Code	BLS Item	HS6	HS Product Desc.	Type	Rel.
FD3101	All pork chops, per lb.	020311 010290	Pork, carcasses/halves Live swine, other	F P	H H
Processed Meats					
705111	Frankfurters, all meat/beef, per lb.	160100 020130	Sausages and similar products Beef cuts boneless, fresh/ chilled	F I	M M
705121	Bologna, all beef or mixed, per lb.	010221 160100 020130	Cattle, pure-bred breeding Sausages and similar products Beef cuts boneless, fresh/ chilled	P F I	M M M
705141	Beef liver, per lb.	010221 020610	Cattle, pure-bred breeding Edible offal of bovine	P F	M M
705142	Lamb and mutton, bone-in, per lb.	010221 020430 010410	Cattle, pure-bred breeding Sheep meat, bone-in, frozen Live sheep	P F P	M L L
Poultry					
706111	Chicken, fresh, whole, per lb.	020711 010511	Chicken, not cut, fresh/chilled Fowls, <i>Gallus domesticus</i>	F P	H H
706211	Chicken breast, bone-in, per lb.	020712 010511	Chicken, not cut, frozen Fowls, <i>Gallus domesticus</i>	F P	H H
706212	Chicken legs, bone-in, per lb.	020714 010511	Chicken cuts, fresh/chilled Fowls, <i>Gallus domesticus</i>	F P	H H
706311	Turkey, frozen, whole, per lb.	020724 010592	Turkey, not cut, frozen Turkeys	F P	H H
FF1101	Chicken breast, boneless, per lb.	020714 010511	Chicken cuts, fresh/chilled Fowls, <i>Gallus domesticus</i>	F P	H H
Fish & Seafood					
707111	Tuna, light, chunk, per lb.	160414 030232	Tunas, prepared/preserved Yellowfin tunas, fresh/chilled	F P	M M
Eggs					
708111	Eggs, grade A, large, per doz.	040700 010511	Birds eggs, in shell Fowls, <i>Gallus domesticus</i>	F P	H H
708112	Eggs, grade AA, large, per doz.	040700 010511	Birds eggs, in shell Fowls, <i>Gallus domesticus</i>	F P	H H
Dairy					
709111	Milk, fresh, whole, per ½ gal.	040120 010290	Milk, fat content 1–6% Live bovine, other	F P	H H
709112	Milk, fresh, whole, per gal.	040120 010290	Milk, fat content 1–6% Live bovine, other	F P	H H
709211	Milk, fresh, skim, per ½ gal.	040110 010290	Milk, fat content <1% Live bovine, other	F P	H H
709212	Milk, fresh, low fat, per ½ gal.	040110 010290	Milk, fat content <1% Live bovine, other	F P	H H
FJ1101	Milk, fresh, low-fat/skim, per gal.	040110 010290	Milk, fat content <1% Live bovine, other	F P	H H
710111	Butter, salted, grade AA, per lb.	040510 040120 010290	Butter Milk, fat content 1–6% Live bovine, other	F I P	H H H
FS1101	Butter, stick, per lb.	040510 040120 010290	Butter Milk, fat content 1–6% Live bovine, other	F I P	H H H
710122	Yogurt, natural, fruit flavored, 8 oz.	040310 040120 010290	Yogurt Milk, fat content 1–6% Live bovine, other	F I P	H H H
FJ4101	Yogurt, per 8 oz.	040310 040120	Yogurt Milk, fat content 1–6%	F I	H H
710211	American processed cheese, per lb.	040630 040120 010290	Processed cheese Milk, fat content 1–6% Live bovine, other	F I P	H H H
710212	Cheddar cheese, natural, per lb.	040620 040120 010290	Cheddar cheese Milk, fat content 1–6% Live bovine, other	F I P	H H H

Table 7: BLS Item to HS6 Concordance—Continued

BLS Code	BLS Item	HS6	HS Product Desc.	Type	Rel.
710411	Ice cream, prepackaged, per ½ gal.	210500 040120 170111	Ice cream and edible ice Milk, fat content 1–6% Sugar, raw cane	F I I	M M M
Fresh Fruit					
711111	Apples, Red Delicious, per lb.	080810	Apples, fresh	F	H
711211	Bananas, per lb.	080310	Bananas, fresh	F	H
711311	Oranges, Navel, per lb.	080510	Oranges, fresh	F	H
711312	Oranges, Valencia, per lb.	080510	Oranges, fresh	F	H
711411	Grapefruit, per lb.	080540	Grapefruit, fresh	F	H
711412	Lemons, per lb.	080550	Lemons and limes, fresh	F	H
711413	Pears, Anjou, per lb.	080820	Pears, fresh	F	H
711414	Peaches, per lb.	080930	Peaches and nectarines, fresh	F	H
711415	Strawberries, dry pint, per 12 oz.	081010	Strawberries, fresh	F	H
711416	Grapes, Emperor or Tokay, per lb.	080610	Grapes, fresh	F	H
711417	Grapes, Thompson Seedless, per lb.	080610	Grapes, fresh	F	H
711418	Cherries, per lb.	080920	Cherries, fresh	F	H
Fresh Vegetables					
712112	Potatoes, white, per lb.	070190	Potatoes, fresh or chilled	F	H
712211	Lettuce, iceberg, per lb.	070511	Lettuce, head/iceberg, fresh	F	H
FL2101	Lettuce, romaine, per lb.	070519	Lettuce, other, fresh	F	H
712311	Tomatoes, field grown, per lb.	070200	Tomatoes, fresh or chilled	F	H
712401	Cabbage, per lb.	070490	Cabbages, other, fresh	F	M
712402	Celery, per lb.	070940	Celery, fresh	F	H
712403	Carrots, short trimmed, per lb.	070610	Carrots and turnips, fresh	F	H
712404	Onions, dry yellow, per lb.	070310	Onions and shallots, fresh	F	H
712405	Onions, green scallions, per lb.	070310	Onions and shallots, fresh	F	H
712406	Peppers, sweet, per lb.	070960	Peppers, Capsicum/Pimenta	F	H
712407	Corn on the cob, per lb.	070990	Other vegetables, fresh	F	M
712409	Cucumbers, per lb.	070700	Cucumbers and gherkins, fresh	F	H
712410	Beans, green, snap, per lb.	070820	Beans, fresh or chilled	F	H
712411	Mushrooms, per lb.	070951	Mushrooms Agaricus, fresh	F	M
712412	Broccoli, per lb.	070410	Cauliflower and broccoli, fresh	F	H
Processed Fruit & Vegetables					
713111	OJ, frozen concentrate, per 16 oz.	200911 080510	Orange juice, fresh Oranges, fresh	F P	H H
713311	Apple sauce, any variety, per lb.	200980 080810	Other fruit/veg. juices Apples, fresh	F P	M M
713312	Peaches, canned, any variety, per lb.	200870 080930	Peaches/nectarines, prep. Peaches and nectarines, fresh	F P	M M
714111	Potatoes, frozen, French fried, per lb.	200410 070190	Potatoes, prep./preserved, frz. Potatoes, fresh or chilled	F P	H H
714221	Corn, canned, any style, per lb.	200490	Other veg., prep./preserved, frz.	F	M
714231	Tomatoes, canned, whole, per lb.	070990 200210	Other vegetables, fresh Tomatoes, prep./preserved, whole	P F	M H
714232	Tomatoes, canned, any type, per lb.	070200 200290	Tomatoes, fresh or chilled Tomatoes, prep./preserved, other	P F	H H
714233	Beans, dried, any type, per lb.	070200 071390	Tomatoes, fresh or chilled Dried leguminous veg., other	P F	H H
Sugar & Sweets					
715111	Hard candy, solid, per lb.	170490 170111	Sugar confectionery, other Sugar, raw cane	F I	M M
715211	Sugar, white, all sizes, per lb.	170111 120691	Sugar, raw cane Sugar cane	F P	H H
715212	Sugar, white, 33–80 oz. pkg, per lb.	170112 120691	Sugar, refined Sugar cane	F P	H H
715311	Jelly, per lb.	200799 080810 170111	Jams, jellies, other Apples, fresh Sugar, raw cane	F P I	M M M

Table 7: BLS Item to HS6 Concordance—Continued

BLS Code	BLS Item	HS6	HS Product Desc.	Type	Rel.
Fats & Oils					
716111	Margarine, veg. oil blends, stick, per lb.	151710	Margarine	F	H
		120510	Rape/colza seeds, low erucic	P	H
		151411	Canola oil, crude	I	H
716114	Margarine, stick, per lb.	151710	Margarine	F	H
		120510	Rape/colza seeds, low erucic	P	H
716121	Shortening, vegetable oil blends, per lb.	151620	Animal/veg. fat mixtures	F	M
		151411	Canola oil, crude	I	M
716141	Peanut butter, creamy, per lb.	200811	Peanuts, prepared/preserved	F	L
		120220	Peanuts, shelled	P	L
Beverages					
717111	Cola, non-diet, return bottles, per 16 oz.	220210	Waters, flavoured/sweetened	F	M
		170111	Sugar, raw cane	I	M
717113	Cola, non-diet, cans, per 16 oz.	220210	Waters, flavoured/sweetened	F	M
		170111	Sugar, raw cane	I	M
717114	Cola, non-diet, per 2 liters	220210	Waters, flavoured/sweetened	F	M
		170111	Sugar, raw cane	I	M
FN1101	All soft drinks, per 2 liters	220210	Waters, flavoured/sweetened	F	M
		170111	Sugar, raw cane	I	M
FN1102	All soft drinks, 12 pk cans, per 12 oz.	220210	Waters, flavoured/sweetened	F	M
		170111	Sugar, raw cane	I	M
717311	Coffee, 100% ground roast, per lb.	090121	Coffee, roasted, not decaf.	F	H
		090111	Coffee, not roasted, not decaf.	P	H
717312	Coffee, ground roast, 13–20 oz., per lb.	090121	Coffee, roasted, not decaf.	F	H
		090111	Coffee, not roasted, not decaf.	P	H
717324	Coffee, instant, regular, per 16 oz.	210111	Coffee extracts/essences	F	H
		090111	Coffee, not roasted, not decaf.	P	H
717327	Coffee, instant, regular, per lb.	210111	Coffee extracts/essences	F	H
		090111	Coffee, not roasted, not decaf.	P	H
720111	Malt beverages, all types, per 16 oz.	220300	Beer made from malt	F	H
		100300	Barley	P	H
		110710	Malt, not roasted	I	H
720311	Wine, red and white table, per 1 liter	220421	Wine, other than sparkling	F	M
		080610	Grapes, fresh	P	M
Snacks & Other					
718311	Potato chips, per 16 oz.	200520	Potatoes, prepared/preserved	F	M
		070190	Potatoes, fresh or chilled	P	M
718631	Pork and beans, canned, per 16 oz.	200540	Peas, prepared/preserved	F	M
		071310	Dried peas	P	M
		020319	Pork, other fresh/chilled	I	M

Notes: Type: F = final consumer good, I = intermediate input, P = primary agricultural input. Rel.: H = high NAFTA relevance, M = medium, L = low (based on CA/MX import share and tariff exposure). BLS codes beginning with FC, FD, FF, FJ, FL, FN, FS are BLS aggregate/composite series. HS6 codes follow HS1996 nomenclature with concordance remapping applied (see Data section).

SUBMITTED LETTER BY HON. JIM COSTA, A REPRESENTATIVE IN CONGRESS FROM CALIFORNIA

Editor's note: the letter submitted by Mr. Costa is identical to the letter submitted by Mr. Wied. It will not be reproduced herein.

SUBMITTED QUESTIONS

Response from Dave Puglia, President and Chief Executive Officer, Western Growers Association

Question Submitted by Hon. Randy Feenstra, a Representative in Congress from Iowa

Question. Given the importance of Mexico as a market for U.S. farm exports, how can the United States use ongoing USMCA negotiations to encourage Mexico to align with the United States and Canada—so that plant breeding innovations like genome editing have a clear, streamlined pathway to market?

Answer. Gene editing technology has yet to mature, at least with respect to the fresh produce industry, though we do see some encouraging possibilities over the horizon. We would encourage U.S. negotiators to press for agreements among all our trading partners, and certainly within the confines of a revised USMCA agreement, for commitments to science-based risk assessment and policy in this area. This is essentially the model U.S. negotiators have insisted upon with respect to sanitary and phytosanitary standards in our trade agreements, and we believe it is the right standard for emerging technologies such as gene editing as well. We would add that engaging Mexico on this topic is critical given the recently signed EU-Mexico free trade agreement which might push Mexico away from a scientifically-based system.

Questions Submitted by Hon. Kat Cammack, a Representative in Congress from Florida

Question 1. For years, Florida growers have been harmed by unfair seasonal produce trade with no relief, and the problem is only getting worse. But this is not just a single-state issue. Growers in California, Texas, Michigan, and other states are facing similar pressures, as underscored in a recent letter to Ambassador Greer from a national coalition of fruit and vegetable organizations. Mr. Puglia, what are you hearing from growers in California, and what should this Committee understand about the national consequences of failing to address this?

Answer. Our members grow hundreds of specialty crops across many diverse growing regions. While the production emanating from our members' California growing regions represents a very large share of overall fresh produce sold in the U.S., our members operate throughout the Western U.S. and many have supplemented their domestic sourcing capabilities by establishing grower partnerships abroad (not limited to Mexico) or investing in owned and operated farms abroad. Where and when to grow depends on many factors, such as seasonality, climate, soil and water supply conditions, labor availability and cost, other input costs, regulatory pressures, and retailer/food service customer demands. In short, it's complicated. An additional aspect that comes with representing growers and shippers of some 300 different specialty crops: Some crops grown by WG members in the U.S. are successfully exported for sale in Mexico, and that market—as with all export markets—is thus very important to the economic viability of many WG members. Other specialty crops grown by our members in the U.S. face seasonal import pressures from competing growers operating in Mexico, as you note.

The economics of production in the U.S., and especially in the terrible regulatory and cost structure of California, has created an unlevel playing field with Mexico (and almost every other foreign food-producing nation). USMCA revisions should serve to lessen that gap. We propose that USMCA should be used to engage Mexico on systemic issues facing all domestic growers across all regions. We believe labor standard reforms agreed to by Mexico as part of USMCA should be more actively and transparently enforced to help level the playing field. We also suggest that that fresh produce food safety standards are inequitably applied, creating an undesirable economic advantage for Mexican-based farms that places American producers at risk of lost consumer confidence and demand due to food safety incidents outside their control. U.S. negotiators should insist on more stringent food safety measures for imported produce as part of a revised USMCA agreement.

We are certainly aware of the call from industry colleagues in the Southeast that U.S. negotiators press for tariff rate quotas on certain seasonal and perishable fruit and vegetable imports from Mexico. In my testimony, I noted that there are several existing statutory tools available to address trade issues between our three countries. Antidumping and countervailing duty cases are one such vehicle—allowed within the framework of USMCA—that can be used to do so. As example the case on tomatoes from Mexico has moved through the formal legal process and Mexican producers have been found by the U.S. to have dumped tomatoes into the U.S. market, triggering imposition of a 17% general tariff rate. Likewise, cases have been filed on mushrooms from Canada and strawberries from Mexico. While we do not know the outcome of these cases yet they allow specific relief to be sought for individual crops with seasonal specificity if necessary. In addition, as the Trump Administration has demonstrated with vigor, Section 301 investigations can be utilized to allege and demonstrate economic harm to domestic producers and justify imposition of tariffs specific to the findings of those investigations. We believe these are strong and proven avenues for resolution of economically harmful imports and should remain the primary tools utilized.

Question 2. In 1930, Congress passed a trust mechanism as part of the Perishable Agricultural Commodities Act (PACA), which provides fresh produce shippers first-priority creditor status in the event of a buyer bankruptcy. A similar policy was adopted by Canada in 2024. Without similar protections in place in Mexico to pro-

tect growers and shippers, how has this affected fair and secure trade across the border?

Answer. Among the key challenges in perishable agricultural trade across North America is the issue of payment security and specifically the absence of a reciprocal, enforceable mechanism to protect growers and shippers of fresh produce against non-payment stemming from bankruptcies or insolvencies.

The United States provides a trust mechanism as part of the Perishable Agricultural Commodities Act (PACA) establishing a statutory trust that grants fresh produce shippers first-priority creditor status in the event of a buyer bankruptcy.^{1*} This protection is essential, as highly perishable products cannot typically be reclaimed or resold.

However, for decades U.S. shippers have not had comparable protection under Canadian or Mexican law. After years of advocacy, Canada addressed this gap with the passage of Bill C-280 at the end of 2024, creating a PACA-like deemed trust and establishing reciprocal protection for shippers on both sides of the U.S.-Canada border.

Western Growers urges that the USMCA contain a commitment from Mexico to adopt a similar mechanism—modeled on the USDA PACA Trust or Canada’s Bill C-280—to provide equivalent protection for exporters of perishable agricultural commodities. Such a tool would establish trilateral safeguards, ensuring fair and secure trade across all three North American markets.

Attached for the record is a letter sent by multiple produce organizations to USTR and USDA making this same request.

Question 3. Western Growers highlighted labor concerns during the original USMCA negotiations, and while Mexico has enacted some labor reforms and adopted the Rapid Response Labor Mechanism, concerns about enforcement persist. What further reforms or enforcement measures are needed to create a truly balanced trading environment, and how can U.S. negotiators ensure that Mexico delivers on its commitments during negotiations?

Answer. As Members of this Committee know, growing and harvesting fresh produce requires a huge amount of human labor. Indeed, labor’s share of the cost of production is nearly 40% for fruit and vegetable growers.² Moreover, average hourly earnings of U.S. agricultural workers increased 16 percent between 2001 and 2019, outpacing that of non-agricultural wages (five percent growth) and affirming the distinct challenges of finding sufficient labor for our farms.³ More recently, agricultural wage growth has been even more staggering as evidenced by H-2A wage increases of 28% between 2021 and 2025.⁴ Given this reality, one of the biggest persistent disadvantages U.S. producers can and do have when competing against imports is the disparity in labor costs and standards.

We acknowledge that there have been successful changes to Mexican labor laws and positive results for certain sectors since USMCA came into force. Nevertheless, full compliance has not been realized. Indeed, the Independent Mexico Labor Expert Board (IMLEB)—comprised of 12 members appointed by Congressional leadership and the Administration—was established to monitor and evaluate the implementation of Mexico’s labor reform and compliance with its labor obligations under USMCA. That Board recently reported that Mexico is not in compliance with its USMCA labor obligations.⁵

In addition, the U.S. Department of Labor (DOL) recently reported that Mexico “made significant advancement in efforts to eliminate the worst forms of child labor” but also noted that child labor problems in that country persist, including in the agriculture sector. The DOL provides several observations and provides recommendations for how Mexico might remedy these continued concerns. As one example DOL notes that the number of inspectors lags far behind the number needed to provide “adequate coverage” for Mexico’s 60.5 million workforce (660 inspectors). DOL also reported that the Mexican Government has not provided “complete infor-

¹ 7 U.S.C. 499e(c).†

* **Editor’s note:** footnote references annotated † with are retained in Committee file.

² Subedi and Giri, “Specialty crop farms have highest labor cost as portion of total cash expense”,† USDA-ERS October 15, 2024.

³ Martin and Simmitt. “U.S. Fruit and Vegetable Industries Try To Cope With Rising Labor Costs”† (<https://www.ers.usda.gov/amber-waves/2022/december/u-s-fruit-and-vegetable-industries-try-to-cope-with-rising-labor-costs>). USDA-ERS. Dec. 28, 2022.

⁴ H-2A Adverse Effect Wage Rates,† historical data for California found at <https://flag.dol.gov/wage-data/adverse-effect-wage-rates>.

⁵ Report of the Independent Mexico Labor Export Board,† October 6, 2025 at page 52 found at https://aflcio.org/sites/default/files/2025-10/IMLEB_REPORT_2025_10_06.pdf.

mation on labor and criminal law enforcement efforts to address the worst forms of child labor.”⁶

Reinforcing and building upon USMCA’s labor requirements will not only promote better conditions for Mexican workers but also foster fairer competition with the United States. WG strongly supports efforts to reinforce and build upon USMCA’s labor provisions, with consideration given to the recommendations made by the IMLEB and DOL, respectively.

Question Submitted by Hon. Jim Costa, a Representative in Congress from California

Question. Western Growers highlights the significant work that domestic fruit and vegetable operations put into ensuring our food supply is safe. You have, however, noted that the FDA may be treating imported and domestic food inequitably. Can you provide, for the record, more detail on this situation?

Answer. Our industry makes major investments in food safety to combat outbreaks and recalls. As an example, Western Growers is one of the two largest financial backers of the Center for Produce Safety, which has funded nearly \$50 million in scientific research to enable these continuous improvements. Farmers take the product of these learnings and then spend tens of millions of dollars hiring dedicated staff and implementing new technologies and techniques.

Within the produce sector CDC data shows between 1996 and 2014 more than half of all produce-related foodborne outbreaks were caused by produce sourced from foreign countries.⁷ In 2021 roughly 60% of all fruit consumed in the United States was imported and nearly 40% of all vegetables.⁸ Mexico is by far the largest exporter of produce to the United States accounting for 34% of all fresh fruit and 73% of fresh vegetable imports. Canada is by far the second largest vegetable exporter into the United States.⁹

Food safety thus cannot stop at the border but currently the United States inspects less than 2% of all food imports.¹⁰ Beyond that the FDA currently has a foreign inspection workforce of 20 and globally conducts less than 1,000 foreign facility inspections annually (all types of food) out of a universe of 125,000 foreign facilities.¹¹

Recent outbreaks in cantaloupes are illustrative of the disparity in treatment: In 2022 an outbreak was traced to southern Indiana. The FDA physically inspected all the farms involved, all were publicly identified, whole genome sequencing was performed, using hundreds of samples taken in the fields and packing sheds for these operations. In the wake of the outbreak Indiana’s share of the U.S. market went from 6% to less than 1%. By comparison, in 2023 a cantaloupe outbreak was linked to farms in Mexico. There is no information in the record that the FDA conducted the sort of rigorous sampling and inspection of fields and packing sheds on these Mexican operations. While imports from one farm were frozen, imports from the region continued and imports from the frozen farm’s packing shed were only temporarily closed. Mexico before the outbreak represented 9% of the market, which continues to be that country’s share today.¹²

USMCA renewal presents an opportunity for the United States to ensure that food safety oversight and standards are as vigorous in Mexico as they are domestically. Our USMCA recommendations for Mexico include:

FDA personnel should conduct on-farm food safety system inspections in Mexico. FDA currently does conduct some inspections overseas but as noted they are limited. While inspecting every foreign farm is impossible, inspections should be in-

⁶Bureau of International Labor Affairs, *Child Labor in Mexico: Findings from the U.S. Department of Labor* † (<https://www.dol.gov/agencies/ilab/resources/reports/child-labor/mexico>), U.S. Dept. of Labor.

⁷Gould, L. Hannah, *et al.* “Outbreaks of disease associated with food imported into the United States, 1996–2014.” † *Emerging infectious diseases* 23.3 (2017): 525.

⁸Zahniser, Steven. *Imports make up growing share of U.S. fresh fruit and vegetable supply* † (<https://www.ers.usda.gov/data-products/charts-of-note/chart-detail?chartId=107008>). USDA–ERS. Jul. 31, 2023.

⁹Riberia and Young, *Outlook of Fresh Fruits and Vegetables in the United States* † (<https://www.freshproduce.com/siteassets/files/advocacy/2024.01.outlook-of-fresh-fruits-and-vegetables-in-the-united-states-luis-final.pdf>). Texas A&M. March 2024.

¹⁰Ahn, Jae-Wan. *India and Mexico Top Sources of Pathogen-Based U.S. Food Import Refusals* † (<https://www.ers.usda.gov/amber-waves/2022/february/india-and-mexico-top-sources-of-pathogen-based-u-s-food-import-refusals>). USDA–ERS. Feb. 7, 2022.

¹¹*FDA Should Strengthen Inspection Efforts to Safeguard the U.S. Food Supply* † (<https://www.gao.gov/assets/gao-25-107571.pdf>), GAO–25–107571, p. 9–11. Jan. 8, 2025.

¹²De Ann Davis, *FDA Needs to Improve its Response to Outbreaks Involving Foreign Fresh Produce*, † Jan. 12 2026.

creased with a focus on farms that were the source of an outbreak with inspections happening with little to no notice once a farm has been identified.

USDA completes on-farm inspections for pests in the Mexican avocado sector by hiring and training on-the-ground Mexican nationals to supplement American based personnel to create scale. We likewise believe FDA should hire and train staff to conduct on-farm inspections in a source country in the immediate wake of an outbreak linked to Mexican operations.

Inspection manuals and requirements would be based on documents FDA currently uses domestically during an outbreak investigation of a potential source U.S. farm, as well as training they do with various states who might be contracted to conduct domestic farm FDA inspections.

Materials would be modified and customized for language needs and local circumstance. FDA on-farm inspection in Mexico would focus on farms identified in an outbreak investigation.

If produce has been aggregated and no individual farm can be identified as the source of an outbreak, then all farms identified via trace-back activities will be subject to timely investigation by the FDA. If even that is not possible, then surveillance testing at the field, post-harvest or packing step in a Mexican growing region that was the origin of an outbreak would occur.

If systems on farm are deemed inadequate, then the FDA would (as it does domestically) place the foreign grower on notice to remedy failings and upgrade systems, and if they cannot (or a grower refuses inspection access), then entry into U.S. commerce would be prohibited just as it would for a U.S.-based operation subject to FDA investigation.

Why use USMCA for this concept? American Government personnel of course cannot perform inspections in a sovereign nation without consent. USMCA could thus be used to expand and enhance inspection protocols.

ATTACHMENT

March 20, 2026

Ambassador JULIE CALLAHAN,
U.S. Trade Representative—Chief Agricultural Negotiator
 Office of the Trade Representative
 Washington, D.C.;

Under Secretary LUKE LINDBERG,
 Foreign Agricultural Service,
 United States Department of Agriculture,
 Washington, D.C.

Re: *Creation of PACA like mechanism in Mexico as part of USMCA*

Dear Ambassador Callahan and Under Secretary Lindberg,

We write to you today to discuss a unique issue for the produce industry that we want to include as part of USMCA. Collectively the associations writing to you today account for the overwhelming majority of all the fresh produce grown in the United States. For the collective fresh produce industry, Canada and Mexico are by far our top two export markets, with room for growth especially for exports to Mexico. Over the past thirty years, North American free trade cooperation has resulted in U.S. produce exports ramping up from \$1.4 billion in 1995 to \$6.2 billion in 2024—an astonishing 330 percent growth. For the extremely diverse U.S. fresh vegetable sector, 87 percent of its roughly \$2.5 billion exports are destined for Canada and Mexico annually.¹

As a result, American growers are deeply interested in ensuring the best commercial climate possible in both these countries. Among the key challenges in perishable agricultural trade across North America is the issue of payment security—specifically, the absence of a reciprocal, enforceable mechanism to protect growers and shippers of fresh produce against non-payment stemming from bankruptcies or insolvencies.

In the United States, a trust mechanism as part of the Perishable Agricultural Commodities Act (PACA)² establishes a statutory trust³ that grants fresh produce shippers first-priority creditor status in the event of a buyer bankruptcy. In the event of bankruptcy other suppliers to the bankrupt firm can reclaim merchandise

¹ USDA–FAS, Global Agricultural Trade System. Retrieved Sept. 29, 2025.

² *Perishable Agricultural Commodities Act* (<https://www.govinfo.gov/content/pkg/USCODE-2010-title7/html/USCODE-2010-title7-chap20A.htm>). 7 U.S.C. Chapter 20A.

³ 7 U.S.C. 499e(c).

as part of a typical bankruptcy proceeding which may take a measure of time to complete. For the produce industry that is not an avenue that we can use given the perishable nature of our product—by the time bankruptcy is over our products cannot typically be reclaimed or resold, hence the need for PACA.

However, for decades U.S. shippers have not had comparable protection under Canadian or Mexican law. After years of advocacy, Canada addressed this gap with the passage of Bill C-280 at the end of 2024, creating a PACA-like deemed trust and establishing reciprocal protection for shippers on both sides of the U.S.-Canada border.⁴

As the Administration works to reduce the agricultural trade deficit and increase exports of U.S. specialty crops, it is imperative that our top trading partners implement policies, such as PACA protections, that encourage U.S. shippers to maintain and grow their business in those markets. The fresh produce industry therefore urges that Mexico adopt their own version of this system which would provide protections for producers of perishable agricultural commodities equivalent to those under the USDA-PACA Trust or Canada's Bill C-280. Such a tool would establish trilateral safeguards, ensuring fair and secure trade across all three North American markets.

Finally, we note that there were some initial conversations by Mexico when NAFTA was originally passed and the Mexican Government even sent agents to Washington DC to learn about PACA. Unfortunately, nothing materialized. With this Administration's renewed focus on ensuring reciprocal, safe and secure business environments for American businesses working in foreign countries—especially our American farmers—we believe this is the perfect time to establish these PACA protections for the fresh produce industry in Mexico.

We stand ready to help the Administration in this effort, please feel free to reach out.

Sincerely,

California Fresh Fruit Association
California Table Grape Commission
Florida Tomato Exchange
International Fresh Produce Association
National Potato Council

North American Blueberry Council
Northwest Horticultural Council
Texas International Produce Association
U.S. Apple Association
Western Growers

cc:

Under Secretary Dudley Hoskins.

Response from Jamie Beyer, Member, Executive Committee, American Soybean Association

Questions Submitted by Hon. Don Bacon, a Representative in Congress from Nebraska

Question 1. Ms. Beyer, Nebraska is the fifth largest soybean producing state, largest white corn producing state, and third largest yellow corn producing state. Mexico and Canada are the top export destinations for Nebraska's staple commodities. What conversations are you involved in with the executive branch to try and ensure these important markets are preserved during USMCA's renewal?

Answer. The American Soybean Association (ASA) continues to share a consistent topline message with the White House and across government agencies regarding the renewal of the U.S.-Mexico-Canada Agreement (USMCA)—“do no harm.” As referenced in my testimony, USMCA has been a success for U.S. soybean farmers and our domestic agriculture industry broadly. USMCA and its predecessor, the North American Free Trade Agreement (NAFTA), have provided stability and predictability for integration of North American agricultural markets.

The USMCA is the “gold standard” of trade agreements, and for soybean farmers, the importance cannot be overstated. To underscore the real-world value of this long-term, predictable, multilateral free trade agreement, ASA has articulated the lasting positive impact of USMCA in terms of maintaining and expanding market access for U.S. soybeans.

Since the inception of NAFTA and subsequent adoption of USMCA, U.S. soy exports to Mexico have quadrupled, making Mexico the second largest export market in the world for the U.S. soy complex (*i.e.*, whole beans, soybean oil, and soybean meal). During the same period, U.S. soy exports to Canada have doubled—with U.S. soybean meal market that is expected to grow as U.S. domestic soybean crush capacity expands, as demonstrated by the new and increasing investments in David City, Lincoln, and Norfolk, Nebraska. Across the board, since USMCA took effect

⁴C-280 (<https://www.parl.ca/legisinfo/en/bill/44-1/c-280>), the Financial Protection for Fresh Fruit and Vegetable Farmers Act. Parliament of Canada.

in 2020, the value of U.S. agriculture exports to Canada and Mexico has increased by 47% compared to an 18% increase in value for the rest of the world.

Question 2. Ms. Beyer, if we fail to renew USMCA, please explain the negative consequences that will be faced by growers who rely on Canada and Mexico as the top export destination for soybeans and corn, especially considering the negative economic conditions across row crop agriculture today.

Answer. U.S. farmers are facing one of the most challenging economic situations in years, with depressed commodity prices, high input costs, and continued uncertainty in global markets. Maintaining strong export markets is more important than ever, and failure to renew USMCA will undermine the long-term investments that farmers, processors, exporters, and rural economies depend on.

For U.S. soybean farmers, the trilateral trade relationship that USMCA has cultivated offers something that remains a challenge in other export markets: stability. When U.S. soybean exports to China—our largest export market—decreased following a reignited trade war between the two global economies, trading partners like Mexico helped fill the gap. As global markets for U.S. soy have become increasingly complex and challenging, our farmers rely on the assurances afforded by USMCA that market access with Mexico and Canada will remain unhindered.

The integrated North American agricultural economy benefits all three trading partners. USMCA not only bolsters export markets for U.S. soy but also ensures reliable access to critical agricultural inputs. U.S. soybean farmers depend on a global supply chain for fertilizers, crop protection tools, seeds, and other critical farming inputs. Notably, over 87% of potash used by U.S. farmers is sourced from Canada. As farming input costs continue to rise, maintaining duty-free access to cross-border inputs remains critical. Failure to renew USMCA would be catastrophic to our bottom lines.

Question Submitted by Hon. Randy Feenstra, a Representative in Congress from Iowa

Question. Given the importance of Mexico as a market for U.S. farm exports, how can the United States use ongoing USMCA negotiations to encourage Mexico to align with the United States and Canada—so that plant breeding innovations like genome editing have a clear, streamlined pathway to market?

Answer. In 2020, USMCA became the first major free trade agreement to include provisions dedicated to addressing technical barriers to trade (TBT) related to agricultural biotechnology. The agricultural biotechnology provisions address older technologies like genetic engineering as well as modern innovations like genome editing. As I noted in my testimony, the new agricultural biotechnology standards preempt disruptive TBTs and direct science-based, consistent compliance.

As discussed in my testimony, USMCA also strengthened sanitary and phytosanitary (SPS) measures to align with the World Trade Organization SPS Agreement, formalized processes to evaluate SPS barriers before dispute escalation, and addressed TBTs like low-level presence and authorization delays through new provisions. Together, the updated SPS chapter and biotechnology provisions have allowed the U.S. to overcome disruptive trade barriers, as demonstrated by the dispute resolution between the U.S. and Mexico stemming from Mexican policies that prevented the approval of genetically engineered crops.

Looking ahead, the U.S. should address concerns regarding Mexico's ongoing agricultural biotechnology licensing and registration delays by reaffirming the science-based regulatory terms agreed upon in USMCA to ensure stable and predictable market access. Rather than continuing to resolve disputes through the USMCA consultative mechanism, ensuring Mexico's continued compliance with USMCA is critical to maintaining predictable market access for both U.S. agricultural exports and crop protection tools.

Response from Michael Schumpp, Senior Director of International Affairs, Meat Institute

Question Submitted by Hon. Randy Feenstra, a Representative in Congress from Iowa

Question. USMCA has been critical to ensuring that American agricultural products can move safely and efficiently across North America, but those trade opportunities only work if we have the infrastructure to support them. For meat exports specifically, cold chain storage and efficient border processes are essential to ensuring our producers can reliably deliver high-quality products to consumers around the world.

Can you discuss the importance of maintaining a strong cold chain system, and how modernizing USMCA through improved digital SPS coordination and reduced border delays will strengthen opportunities for American meat producers?

Answer. Maintaining a strong cold chain system is essential to the success of the U.S. meat industry. A substantial share of U.S. meat exports to Canada and Mexico are chilled and therefore have a shorter shelf-life than frozen products, further necessitating a strong cold chain infrastructure. Mexico primarily imports chilled cuts, like rounds and chucks, for retail supermarkets and meat, like skirt steak, for food-service. The remainder consists of chilled variety meats, including tongue, tripe, and lips. Meanwhile, Canada sources high-value, fresh/chilled USDA Choice and Prime graded subprimals to supply its retail and high-end restaurant sectors. Pork distribution is even more heavily skewed toward chilled shipments, driven by Mexico's significant demand for fresh hams and picnics used in commercial processing.

An uninterrupted cold chain—ranging from meat packing and processing facilities to cold storage establishments, refrigerated trucks, and port reefer capacity—preserves product safety, maintains quality, reduces food waste, and ensures customers and consumers in Canada and Mexico have access to fresh, safe American meat products. Because chilled products have a shorter shelf life, exports of meat from the U.S. to Mexico and Canada rely on refrigerated trucks (more than 90% of traffic) to ensure prompt border clearance and prevent spoilage. Under USMCA, fresh, chilled, and frozen meat products cross our northern and southern borders mostly tariff-free, which keeps trade flowing efficiently and mitigates the need to divert these specific perishable goods to other international markets.

USDA has implemented the Public Health Information System (PHIS) to modernize and streamline export certification through digital means for more than 140 countries, including Canada and Mexico. Although all export certificates for meat and poultry products (FSIS Form 9060–5 series) for Canada and Mexico are generated and digitally signed through PHIS, Canada and Mexico require a printed version of the digitally signed FSIS Form 9060–5 series certificate, including the PHIS-generated watermark, to accompany shipments. This adds undue paperwork redundancy to USDA's attempt to implement a more streamlined system, and ultimately results in longer processing times for exports that, if truly digitized, would not require additional paperwork validation. Digital SPS systems can streamline the exchange of health certificates, inspection data, and other regulatory documentation, reducing paperwork, improving transparency, and helping regulatory agencies process shipments more efficiently. Greater interoperability between U.S., Canadian, and Mexican systems can also reduce administrative burdens while maintaining rigorous food safety standards.

USMCA has strengthened the relationships among the North American food safety regulatory agencies (USDA, Canadian Food Inspection Agency (CFIA), and Servicio Nacional de Sanidad, Inocuidad y Calidad Agroalimentaria (SENASICA)). Current issues with digital certificates and existing paperwork requirements can be addressed using regulatory cooperation channels—changes to USMCA are not required to further align the U.S., Canada, and Mexico's digital trade systems. The Meat Institute supports USDA, CFIA, and SENASICA convening to further streamline and digitize meat trade by ensuring alignment across the countries' export certification systems and by removing requirements that paper copies of certificates and other export documentation travel with shipments. All export documentation should be housed in a country's digital export verification system and import inspection personnel in all three countries should be permitted to review and approve shipments using integrated digital systems. This will ensure that the American meat industry remains competitive and is capable of safely and efficiently delivering high-quality meat products to customers and consumers throughout North America.

