

Good morning,

I'm Rich Guebert, a corn, soybean, and wheat farmer from Ellis Grove, Illinois – that's about 50 miles south of St. Louis on the Illinois side of the Mississippi River. I was elected president of Illinois Farm Bureau in 2013. I represent roughly 80,000 farmer members in Illinois and serve on the Executive Committee of the American Farm Bureau, based here in Washington.

Our multi-generational family farm supports me, my wife Nancy, and our son Kyle and his young family.

With our proximity to the Kaskaskia and Mississippi rivers, our farm is perfectly located to take advantage of international markets.

And, like tens of thousands of other farmers Illinois, my bottom line relies heavily on trade. Our geography and our transportation assets -- with easy access to rivers and barges and rail lines and unit trains -- give us the ability to efficiently and cost effectively supply domestic and international markets.

And without access to those overseas markets and to the 96 percent of consumers who don't live in this country, we can't make ends meet. That's not a theory, that's reality. Our reality.

In recent years, as China became bigger buyers of U.S. soybeans, soybean exports from Illinois became far more

significant. In 2016, Illinois farmers exported \$2.3 billion (dollars) worth of soybeans – almost all of them to China. Our soybean exports eclipsed \$2 billion dollars again the following year, ranking only behind petroleum as the state’s biggest commodity export.

And then in 2018, the Trade War hit – instantly cutting our soybean exports in half. We sold roughly \$1 billion fewer soybeans from our state. Last year Illinois soybean exports – at roughly \$800 million – were about a third of what they were just three years before.

And that has impacted farm profitability across Illinois and across the Midwest region. You’ll note the number of farm bankruptcies are on the rise. Farmers have less purchasing power. And despite the passage of tax reform and its enhanced farm equipment expensing provisions, farmers are pretty much out of the market for new equipment. Tariffs on steel have increased the cost of grain storage. All of this has impacted the rural economy.

USDA has stepped in over the past two years and Illinois farmers have received roughly dollar for dollar in Market Facilitation Program payments what we have lost in exports to China.

I certainly hope no one on this committee or watching this hearing doubts that Illinois farmers – like all farmers across this

country – would much rather earn their living from the marketplace. We would much rather have expanded trade.

That's why I'm as optimistic about the recently signed China Phase I Agreement. I had the opportunity last week to spend a couple of hours with a group of other Illinois farmers and Deputy U.S. Trade Representative Gregg Doud.

Ambassador Doud – who is also a farmer – shared with us many of the challenges his team and the Chinese painstakingly worked through in the recently concluded Phase I negotiations. Until last week, I had only read a summary of the Phase I agreement as well as various media reports.

That's why hearing from Ambassador Doud was timely. I commend him and his team for their leadership and hard work during tedious negotiations. The agreement's provision calling for China to purchase roughly \$40 billion worth of U.S. agricultural and seafood products in each of the next two years will provide a huge and timely economic lift to American agriculture.

We recognize that China is managing through a deadly corona virus outbreak, that the purchases called for in the agreement have not happened yet, and that USDA economists have not even built those anticipated Phase I sales into their export reports.

We certainly know the markets have yet to move.

But farmers are optimistic. We understand that we're just at the beginning of an exciting new chapter and we patiently await the benefits of this new trade agreement.

Thank for the opportunity to testify this morning. I look forward to answering your questions.