



**Testimony of  
Gary Wertish, President**

**U.S. House Committee on Ways and Means**

**“Trade in America: Agriculture and Critical Supply Chains –  
Kimball Minnesota”**

**July 10, 2023**

**Schiefelbein Farms  
Kimball, MN**

Thank you, Mr. Chairman, Representative Fischbach—my representative—and members of the committee. I’m honored that you’re here in Minnesota and that I have the opportunity to speak with you on a topic of significant importance to farm families in Minnesota. Thank you to those who traveled to be here and the Schiefelbeins for hosting us.

My name is Gary Wertish and I’ve had the honor of serving as the elected president of Minnesota Farmers Union (MFU) since 2017. My farm is in Renville, about 70 miles southwest of Kimball, and I now rent that land out to my son who raises corn, soybeans, and edible beans. Throughout my career in agriculture, and now for my son and his family, international trade provided an important secondary market for what we produced on our farm.

As the President of Minnesota Farmers Union, I have the honor of working with farm families across Minnesota. Our organization has represented Minnesota family farmers, ranchers and rural communities since 1918 and was founded in order to guarantee farmers a fairer price for the value they produce. Together with the National Farmers Union, our organization works to protect and enhance the economic interests and quality of life of family farmers, ranchers and rural residents across the country.

Minnesota agriculture is the foundation of our state’s economy, generating over \$100 billion in economic impact and supporting nearly 400,000 jobs across our state.<sup>1</sup> Trade is a significant part of that, with agriculture products accounting for more than one third of our state’s total exports.<sup>2</sup> This makes Minnesota the fourth largest exporter of agricultural products among the states.<sup>3</sup> Of course, beyond our economy, family farming is central to our state’s history, culture, and the continued vitality of rural communities.

In my testimony today, I want to emphasize three key considerations that I believe will help ensure our national trade policy benefits family farmers and builds supply chain resilience. Trade should be:

- Fair and stable.
- Build on our strengths, contributing to resilience here at home.
- Supplement strong, competitive domestic markets.

If done right, I believe that trade can help farmers earn a fair price for the products they work hard to produce. I appreciate the opportunity to share some thoughts with you today.

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<sup>1</sup> Minnesota Department of Agriculture, “Economic Analysis and Market Research.”  
<https://www.mda.state.mn.us/business-dev-loans-grants/economic-analysis-market-research>

<sup>2</sup> Minnesota Department of Agriculture, “Exporting and International Trade.”  
<https://www.mda.state.mn.us/exporting-international-trade>

<sup>3</sup> Minnesota Department of Agriculture, “Minnesota Agricultural Profile, 2023.”  
<https://www.mda.state.mn.us/sites/default/files/inline-files/MNagprofile2023.pdf>

## Fair and stable trade

During my time leading MFU I have had the opportunity to participate in various trade missions with the United States Department of Agriculture and Minnesota Department of Agriculture. On those occasions I have been able to meet farmers and food business owners who are seeking new opportunities and partnerships that will allow them to expand their businesses, reinvesting in their local community. They are looking for trade agreements that are fair and stable, allowing opportunities for market access and ensuring the predictability that every independent business owner needs to make long-term business decisions. For example, farmers growing new edible varieties of soybeans for Asian markets are making significant financial investments in those genetics, new management systems, seed cleaning, and often directly building those trading partnership through their check-off dollars. They need to be sure that those trading relationships are stable and won't be disrupted due to politics or personalities.

As Farmers Union's representative to World Farmers' Organization, I also understand that trade deals need to benefit farmers here and those around the world. Farmers, workers, and trade partners shouldn't be left at the end of a long global commodity supply chain, forced to accept prices that are determined based on global events out of their control. I believe that these mutually beneficial relationships are not only the right way to approach trade, but also what will enable more stable relationships long-term.

Here at home, one way we can ensure that markets are fair for farmers and ranchers is by enforcing mandatory, uniform labelling for food products throughout the processing chain. One key step would be reauthorization of the mandatory country-of-origin labelling (COOL) for beef and pork, which was repealed in 2015.

MFU policy supports "the full implementation and funding of mandatory county of origin labeling (COOL)." Clear and accurate food labels are an important tool that helps consumers make informed decisions and allows farmers and ranchers to differentiate their products and promote fairer, more competitive markets. We are here at the Schiefelbeins, who are famous here locally and I'm sure nationally for the quality breeding stock they produce—and other cattlemen in our membership are as well. That's why they deserve the opportunity to compete for consumers' dollars based on accurate labels. Furthermore, American workers in these industries also deserve a fair and transparent system that will not undermine efforts to ensure fair compensation and safe working conditions. Congress should pass the bipartisan American Beef Labeling Act (S.52), to reinstate mandatory COOL labeling for beef sold in grocery stores.

MFU also supports USDA's ongoing rulemaking to better align the voluntary "Product of USA" label claim with consumer understanding. Under current voluntary labeling rules, meat can be designated a "Product of USA" if it is processed domestically, but born, raised, and/or slaughtered in another country. Importing cheaper products from other countries and offering these to consumers as 'product of the USA' depresses prices for Minnesota farmers and undermines consumer confidence in labels. While truthful and accurate

voluntary labels are important to producers and helpful for consumers, they are not a replacement or substitute for COOL.

Like any independent business owner stability and predictability are critical. As you know, farmers are already planning their planting decisions for the 2024 and 2025 growing seasons. For trade agreements to effectively provide opportunity and market access to producers, those agreements must enable farmers to plan their marketing decisions in advance. Trade wars, tariffs, and retaliation between key trade partners creates undue turmoil for farmers and rural communities and can harm export markets that took decades to build.

We can be tough and create trade agreements that benefit our farmers, along with workers and small businesses, without going alone and without contributing to volatile prices and markets for agricultural products. Minnesota farmers produce high quality products that the world wants, and those products should be valued. International market actors should be viewed as key partners who can also benefit from trade, not foes.

A fair and stable trade system that creates access to markets and ensures predictability is the first step in guaranteeing farmers receive a fair price for what they produce.

## **Building on our strengths**

When it comes to creating opportunities to access international markets and build more resilient supply chains, we should be leaning into our strengths. This includes investing in value added production and creating resiliency to climate change and other market disruptions.

Broadly, I believe it's better for Minnesota farmers if we add value to our products here before exporting. As a corn farmer, I value export markets for grain. But I would much rather turn that corn into ethanol at a cooperatively owned plant here locally and then export the distiller's grain. That way I'm maximizing the economic impact of my production, allowing those dollars to recirculate into my community through jobs at the plant, and I'm also filling a need for protein abroad. This is just one example of how we can build on our strengths by adding value to what we produce locally. Another is by leveraging our state's leadership on climate.

For example, MFU is a proud supporter of the Minnesota Agricultural Water Quality Certification Program run by the Minnesota Department of Agriculture. This program is a voluntary opportunity for farmers to take the lead in implementing conservation practices that protect the rich soil and water resources that have made Minnesota a leader in agriculture. Participating farmers receive individualized technical assistance and a whole-farm assessment from certifiers. They are also connected with resources to support the changes in their management practices. Farms that complete certification can use their accomplishment to connect with consumers who are looking for products with additional environmental benefits. This happens not only at local farmers market, but also on the

global market with international buyers – such as the European Union – looking to Agricultural Water Quality Certified crops to meet environmental criteria for imports.

MFU is also enthusiastic about new investments in ‘climate-smart’ agriculture, through programs like the USDA’s Partnerships for Climate-Smart Commodities grant program. Many of the funded projects will be working in Minnesota, and we see value in paying farmers fairly for the public benefits they produce like clean water and air, and reduced greenhouse gas emissions. Low-carbon intensity biofuels will also create new market opportunities for farmers domestically and abroad to meet the growing demand for agriculture to be a part of climate solutions.

Another example of value-added production that intersects with climate action is local production of green fertilizer, utilizing green hydrogen. Production of green fertilizer represents an opportunity to significantly reduce emissions, will benefit farmers and rural communities instead of the four multinational companies that currently produce 75 percent of fertilizer, and is an opportunity to lead in producing and deploying hydrogen for other agricultural and industrial applications. A pilot at the University of Minnesota-Morris, has shown that it’s possible to have distributed production of fertilizer with low- to zero-carbon emissions. Because fertilizer makes up over a third of the carbon intensity of corn production, reduced emissions in fertilizer production can create significant value for new low-carbon and climate-smart commodity markets, both here and abroad.

During the most recently completed session of the Minnesota Legislature, MFU worked with partners on legislation creating a pilot grant program for farmer-owned cooperatives to buy equity in these green hydrogen facilities, driving value back to farm families and rural communities, and creating opportunities for low-carbon intensity crops to be produced that meet these emerging markets.

Again and as before, this work is important because it can help drive value back to farmers, helping them earn a fair return for the value they create on their farm.

## **Fair and competitive domestic markets**

Finally, I believe that if farmers are going to earn a stable, fair, living international trade should be viewed as a supplement to strong, competitive domestic markets. We cannot depend on international markets alone for a fair price for Minnesota farmers. This is why MFU is a proud supporter of National Farmers Union’s Fairness for Farmers campaign, which focuses on the need to reign in the power of corporate monopolies and create fair and open markets for farmers and rural communities. For our part, MFU members made ‘Limiting corporate control and protecting competition in the marketplace’ a top priority for our organization.

This should not surprise anyone as the trend toward greater consolidation of the farm and food system has been ongoing. The four-firm concentration ratio has risen precipitously among meatpackers and poultry processors over the last several decades. The market

share of the four largest beef packers rose from 25 to 85 percent from 1977 to 2019, in pork it rose from 33 to 67 percent from 1976 to 2019, and in poultry it rose from 35 to 54 percent from 1986 to 2019.<sup>4</sup> This extreme concentration gives these companies immense power to squeeze farmers and ranchers and enrich shareholders.

Dairy is another industry dramatically impacted by consolidation. Since 1992, the number of US dairy farms has decreased by 79 percent, or by more than 103,577 farms, due to low dairy farm margins.<sup>5</sup> Many of these lost dairies had been in Minnesota, with the Minnesota Department of Agriculture reporting a 40 percent decline since 2017.<sup>6</sup> As a result of widespread market consolidation, dairy farmers have little choice about where to ship their milk, which depressed milk choices. To reduce dairy farm closures and improve the outlook for US dairy farmers, Congress should pass an incentive-based milk production growth plan to better match milk supply with market demand. American dairy farmers need fair markets and good prices domestically.

Increasing consolidation and declining competition is present across agriculture. As of 2015, the top four firms for corn and soybean seeds controlled 85 percent and 76 percent of the market, respectively compared to 59 percent for corn seed in 1975, and 42 percent for soybean seed in 1988.<sup>7</sup> Four firms account for approximately 84 percent of the global herbicide and pesticide market and just two companies manufacture about half of the tractors and other essential farm machinery used by farmers.<sup>8</sup> The rise of these highly consolidated middlemen is a key reason that farmer's share of each dollar spent on food has declined from 50 percent in 1952 to just 14 percent in 2021, the lowest on record.

I should note that consolidation is not just an issue in agriculture but is pervasive throughout the economy and inflicts harm across our rural communities. Between 1997 and 2012, three-fourths of US industries became more consolidated, and the country's economy has become 50 percent more consolidated since 2005.

None of this is inevitable though, but rather the consequence of policy choices. This is why MFU supports efforts to promote diverse market opportunities, strengthen antitrust

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<sup>4</sup> USDA, Agricultural Marketing Service (AMS), Packers and Stockyards Division, "Annual Report 2020." <https://www.ams.usda.gov/sites/default/files/media/PackersandStockyardsAnnualReport2020.pdf>.

<sup>5</sup> National Farmers Union, "Family Farming and Dairy Policy Reform: 2023 Special Order of Business." <https://nfu.org/wp-content/uploads/2023/03/2023-NFU-Special-Order-of-Business-Dairy-Policy-Reform-030723.pdf>

<sup>6</sup> Minnesota Department of Agriculture, "Dairy Farm Activity Report 2022." <https://www.mda.state.mn.us/food-feed/minnesota-inspection-program-dairy-stats>

<sup>7</sup> Jorge Fernandez-Cornejo, "The Seed Industry in U.S. Agriculture: An exploration of data and information on crop seed markets, regulation, industry structure, and research and development," *USDA Economic Research Service*, [https://www.ers.usda.gov/webdocs/publications/42517/13616\\_aib786\\_1\\_.pdf?v=3857.1](https://www.ers.usda.gov/webdocs/publications/42517/13616_aib786_1_.pdf?v=3857.1); James MacDonald, "Mergers and Competition in Seed and Agricultural Chemical Markets," *USDA Economic Research Service*, 2017, <https://www.ers.usda.gov/amber-waves/2017/april/mergers-and-competition-in-seed-and-agricultural-chemical-markets/>

<sup>8</sup> Claire Kelloway and Sarah Miller, "Food and Power: Addressing Monopolization in America's Food System," *Open Markets Institute*, May 13, 2019. <https://www.openmarketsinstitute.org/publications/food-power-addressing-monopolization-americas-food-system>

enforcement, modernize the Packers and Stockyards Act to protect family livestock producers, ensure accurate and transparent labeling of agricultural products, and ensure farmers have the Right to Repair their own farm equipment.

Here in Minnesota, our members have seen the impact of consolidation in meat processing and how the lack of competitive markets hurts their operations, and we appreciate Congress and the administration's recent focus on relocalizing supply chains for meat and poultry and helping rebuild local and regional processing infrastructure across the country. To ensure these efforts succeed, reinvigorating the Packers and Stockyards Act is critical as this new infrastructure will need fair markets to remain sustainable over the long-term. MFU strongly supports the Biden Administration's proposed rule changes that will strengthen enforcement of unfair and deceptive practices, undue preferences, and unjust prejudices, create new protections for farmers in the poultry grower tournament system, and will clarify that parties do not need to demonstrate harm to competition in order to bring an action under section 202 (a) and 202 (b) of the Act.

Farmers should be able to market their products in diverse and competitive markets – locally, regionally, domestically, or internationally. Export markets can be important for farm incomes, but only when strong, competitive domestic markets are available as well.

## **Conclusion**

I want to thank the committee again for coming to Minnesota for this hearing, and for the opportunity to testify today. MFU sees value in trade relationships that benefit farmers and rural communities, create market opportunities that build on our strengths and improve our environment, and that are fair, stable, and competitive. Such a system is not only key to confronting our climate challenges and building strong rural communities but can help ensure farmers earn a fair price for the products they work hard to produce. MFU is committed to working with this committee on these important topics, and I am happy to answer any questions. Thank you.