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GLOBAL SOLUTIONS

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On Behalf of the International Fresh Produce Association and the National Potato Council

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Good morning, Chairman Finstad, Ranking Member Hayes, and Members of the Nutrition, Foreign Agriculture, and Horticulture Subcommittee. My name is Matt Lantz, and I am the Vice President for Global Access at Bryant Christie Inc. Bryant Christie is a Seattle- and Sacramento-based consulting firm that helps U.S. agriculture exporters open, access, and develop markets.

For the past 24 years, I have worked to open and maintain export markets for U.S. fruit, vegetable, and nut growers. Our firm represents industries as diverse as potatoes, almonds, hops, berries, and tree fruit. My work has focused on tariffs, sanitary and phytosanitary measures, and overcoming technical barriers to trade and non-tariff barriers. We cooperate closely with the U.S. Trade Representative's office and USDA's Foreign Agricultural Service and Animal Plant Health Inspection Service, both here and with officials stationed in embassies around the world.

BCI's goal is to help U.S. farmers export. If allowed to compete fairly, America's fresh produce growers can compete with anyone.

I would like to focus my presentation on two important issues for the horticultural sector. The first is the continuing and growing challenge of differing pesticide maximum residue levels (MRLs) standards around the world. The second is the importance of the Technical Assistance for Specialty Crops (TASC) program.

### **MRLs**

Differing pesticide Maximum Residue Levels are among the fastest growing and most challenging trade barriers U.S. farmers and exporters face. A U.S. farmer can do everything right. He or she can follow the label set forward by the

Environmental Protection Agency (EPA) regarding pesticide use. He or she can responsibly and sustainably grow the product and keep meticulous records. His or her product can be perfectly compliant with all U.S. regulations, but because a foreign market either has not established a standard or has set a MRL at a more restrictive level than the U.S., that product can be rejected when it arrives in a foreign port.

The costs of such a rejection are high. The shipment must be re-exported or destroyed, demurrage fees can add up, and sanctions can be placed on the shipper. Beyond the individual shipper, entire industries may be subject to elevated testing and the public may lose confidence in the product - all for a product that is safe and fully compliant in the U.S.

Originally, the United States was one of the few countries in the world that had its own MRL standards. Over the course of the last 20 years, numerous markets have transitioned to their own MRL systems. As a result, U.S. ag industries must seek MRLs in such markets or risk serious economic consequences.

Let me give you an example of how this plays out. Over the course of about seven years, the Korean government established a positive MRL list. They provided ample time for commodity groups, registrants, and foreign governments to seek new MRLs in Korea. During the transition period, temporary MRLs were in place. On January 1, 2022, Korea implemented its new policy and all temporary MRLs were removed.

Korea's long transition allowed sufficient time for many U.S. commodity groups to establish hundreds of needed MRLs in Korea.

Unfortunately, even with a smooth transition, issues emerged. Just before Christmas in 2021, I was contacted by the U.S. potato industry. Despite obtaining over 100 potato MRLs in Korea, an application for an important pesticide had not been made. Worse still, much of the 2021 potato crop had already been treated with the compound. There was a high risk of a residue violation. Over \$100 million worth of U.S. potato exports to Korea were at risk.

Fortunately, working with the U.S. Trade Representative's office, USDA's Foreign Agriculture, Service (FAS), the U.S. Embassy in Seoul, the new registrant, and the Korean Ministry of Food and Drug Safety, a new MRL was established in record time and there was minimal trade disruption. The U.S. potato industry was fortunate. Finding a fast and workable solution is not often the case.

Perhaps the biggest challenge currently facing U.S. agriculture regarding MRLs is the European Union's pesticide policies. While the U.S. and most of the rest of the world consider both hazard and exposure when determining a MRL, the EU only

considers hazard in its risk assessment. This conservative methodology based on the precautionary principle is causing harm to U.S. and global exports to Europe.

The upshot of the EU's policies is the reduction of thousands of MRLs to levels significantly lower than U.S. or international levels. As a result, U.S. farmers cannot apply needed crop protection products due to concern of a potential violation. The U.S. cranberry industry, for example, exports over \$80 million annually to Europe, but cannot use its most effective and widely used fungicide because the EU reduced the MRL.

Moreover, the EU is seeking to export its methodology to third markets. To quote the Farm to Fork strategy, "It is also clear that we cannot make a change unless we take the rest of the world with us." If successful, this will have a major negative impact on U.S. agriculture exports.

MRLs are incredibly challenging, and USTR, USDA/FAS, and our embassies around the world are working hard to ensure that U.S. agriculture is not hindered due to this complicated issue. Which leads me to TASC.

#### **Technical Assistance for Specialty Crops (TASC) Program**

TASC is funded under the 2018 Farm Bill at \$9 million annually. Although significantly smaller than other programs administered by USDA/FAS such as the Market Access Program or Foreign Market Development, TASC plays a crucial role for specialty crop growers in addressing trade barriers that emerge.

Since its inception, TASC funds have been used to address a variety of trade barriers, including MRLs. Industries such as cherries, blueberries, and citrus, all used TASC funds to ensure needed MRLs were established in Korea.

Crucially, TASC funds are used to ensure that anyone with an U.S. IP address has a subscription to the MRL Database owned by the company Food Chain ID. This database allows U.S. growers and shippers to compare current U.S. and foreign MRLs so issues can be avoided. Without this database, rejections of U.S. agriculture shipments would occur on a regular basis.

TASC is not just for MRLs, though. It can be used to address many trade barriers facing U.S. specialty crops.

Perhaps one of TASC's greatest successes has been to assist with opening the Mexican market for U.S. fresh potatoes. Three weeks after Mexico opened its market for U.S. potatoes beyond the border zone in 2014, Mexican potato growers filed a series of injunctions to halt all U.S. fresh potato imports. Ten court cases were filed simultaneously to keep the market closed.

In response, the National Potato Council applied for TASC funds to hire experts in Mexico City to fight this trade barrier. Their work culminated in the Mexican Supreme Court ruling unanimously in favor of U.S. potato access in April 2022. Without TASC, the market would remain closed. In the year since the market opened, U.S. fresh potato exports to Mexico have grown from \$56 million to \$85 million, an increase of 56%.

TASC funds are also used to host necessary foreign delegations to open or maintain a market, to conduct research to address trade barriers, and to challenge non-tariff barriers.

The Specialty Crop Farm Bill Alliance supports the continuation of this program at \$9 million annually. It is important, however, that the funds be used exclusively for specialty crops as they were originally defined in the Specialty Crop Competitiveness Act of 2004 and understood in the current authorizing language. Due to improvements in the program made in the 2018 Farm Bill and recommended by the SCFBA, TASC is now fully utilized. However, since that time, additional commodities have been granted access to TASC. Allowing non-specialty crops access to the program has a negative impact on actual specialty crop producers. The SCFBA maintains that non-specialty crops should not be eligible for TASC.

Without TASC, U.S. specialty crops would be at a disadvantage. The program is ably administered by USDA's Foreign Agricultural Service. It plays an important role in keeping U.S. specialty crops in key export markets. U.S. specialty crop growers know when an unexpected trade barrier emerges, TASC is an option to address any issue they might face.

Thank you for your consideration of these two issues, I look forward to answering any questions you might have about these or other related topics before the committee.