UNITED STATES TRADE REPRESENTATIVE

+ + + + +

PUBLIC HEARING REGARDING TRADE-DISTORTING POLICIES THAT MAY BE AFFECTING SEASONAL AND PERISHABLE PRODUCTS IN U.S. COMMERCE

+ + + + +

THURSDAY
AUGUST 13, 2020

+ + + + +

The hearing was convened via videoconference, at 9:00 a.m., William Kimmitt, Committee Chair, presiding.

HEARING COMMITTEE
WILLIAM KIMMITT, Office of the U.S. Trade Representative, Chair
CAMERON BISHOP, Deputy Assistant U.S. Trade Representative
GREGG DOUD, Chief Agricultural Negotiator, Office of the U.S. Trade Representative
JEFFREY KESSLER, Assistant Secretary of Commerce for Enforcement and Compliance, U.S. Department of Commerce
TED McKinney, Under Secretary of Agriculture for Trade and Foreign Agricultural Affairs, U.S. Department of Agriculture

ALSO PRESENT
ROBERT LIGHTHIZER, U.S. Trade Representative
SONNY PERDUE, Secretary, U.S. Department of Agriculture
WILBUR ROSS, Secretary, U.S. Department of Commerce
WITNESSES:

SESSION ONE:

SEN. MARCO RUBIO, Florida
REP. VERN BUCHANAN, Florida 16th Congressional District
REP. DARREN SOTO, Florida 9th Congressional District
REP. ROSS SPANO, Florida 15th Congressional District
REP. GREG STEUBE, Florida 17th Congressional District
REP. TED YOHO, Florida 3rd Congressional District
NIKKI FRIED, Commissioner, Florida Department of Agriculture and Consumer Services
DAN SLEEP, Florida Department of Agriculture and Consumer Services

SESSION TWO:

JOHN HOBLICK, Florida Farm Bureau Federation
ZHENGFEI GUAN, PhD, University of Florida
MIKE JOYNER, Florida Fruit & Vegetable Association
SERGIO CONTRERAS, Border Trade Alliance
SCOTT VANDERVOET, Vandervoet & Associates
SKIP HULETT, NatureSweet
DEMETRIO KYRIAKIS, Nogales U.S. Customs House Brokers Association

GEORGE TUDOR, Desert Grape Growers League of California

KENT STENDERUP, Delano Growers Grape Products Cooperative
SESSION THREE:

JEROME CROSBY, Georgia Blueberry Commission
BRITTANY LEE, Florida Blueberry Growers Association
MICHAEL HILL, H&A Farms
KENNETH PARKER, Florida Strawberry Growers Association
JOHN SIZEMORE, Sizemore Farms
HILDA CASTILLO, Castillo Family Farms
JOEL CONNELL, Grimes Farms
DUSTIN GROOMS, Fancy Farms
GENE McAVOY, University of Florida

SESSION FOUR:

MARK GREEFF, Driscoll's, Inc.
DAN BALBAS, Reiter Affiliated Companies
PAUL ALLEN, R.C. Hatton Farms
JAMES ALDERMAN, Alderman Farms
SAL FINOCCHIARO, S&L Bean
MARIE BEDNER, Bedner Farms
RICK ROTH, Roth Farms
PATRICK CARROLL, Clear Springs
CHRIS SPENCER, Florida Executive Office of the Governor
## CONTENTS

**Opening Remarks**  
U.S. Trade Representative Robert Lighthizer  
U.S. Secretary of Agriculture Sonny Perdue  
U.S. Secretary of Commerce Wilbur Ross  

**Session One**  
Witness 1: Senator Marco Rubio (FL)  
Witness 2: Congressman Vern Buchanan (FL-16)  
Witness 3: Congressman Darren Soto (FL-09)  
Witness 4: Congressman Ross Spano (FL-15)  
Witness 5: Congressman William Gregory Steube (FL-17)  
Witness 6: Congressman Ted Yoho (FL-03)  
Witness 7: Commissioner Nikki Fried, Florida Department of Agriculture and Consumer Services  
Witness 8: Mr. Dan Sleep, Florida Department of Agriculture and Consumer Services  

**Session Two**  
Witness 9: Mr. John Hoblick, Florida Farm Bureau Federation  
Witness 10: Dr. Zhengfei Guan, University of Florida  
Witness 11: Mr. Mike Joyner, Florida Fruit & Vegetable Association  
Witness 12: Mr. Sergio Contreras, Border Trade Alliance  
Witness 13: Mr. Scott Vandervoet, Vandervoet & Associates  
Witness 14: Mr. Skip Hulett, NatureSweet  
Witness 15: Mr. Demetrio Kyriakis, Nogales U.S. Customs House Brokers Association  
Witness 16: Mr. George Tudor, Desert Grape Growers League of California  
Witness 17: Mr. Kent Stenderup, Delano Growers Grape Products Cooperative
Session Three
Witness 18: Mr. Jerome Crosby, Georgia
    Blueberry Commission . . . . . . . . . . . . . . . 142
Witness 19: Ms. Brittany Lee, Florida Blueberry
    Growers Association. . . . . . . . . . . . . . . . . 150
Witness 20: Mr. Michael Hill, H&A Farms. . . . . 157
Witness 21: Mr. Kenneth Parker, Florida
    Strawberry Growers Association . . . . . . . . 168
Witness 22: Mr. John Sizemore, Sizemore Farms. . 177
Witness 23: Ms. Hilda Castillo, Castillo Family
    Farms. . . . . . . . . . . . . . . . . . . . . . . . . . . . 183
Witness 24: Mr. Joel Connell, Grimes Farms . . . 189
Witness 25: Mr. Dustin Grooms, Fancy Farms . . . 193
Witness 26: Mr. Gene McAvoy, University of
    Florida. . . . . . . . . . . . . . . . . . . . . . . . . . . 198

Session Four
Witness 27: Mr. Mark Greeff, Driscoll's, Inc. . . 205
Witness 28: Mr. Dan Balbas, Reiter Affiliated
    Companies. . . . . . . . . . . . . . . . . . . . . . . . . . 215
Witness 29: Mr. Paul Allen, R.C. Hatton Farms. . 220
Witness 30: Mr. James Alderman, Alderman Farms . 235
Witness 31: Mr. Sal Finocchiaro, S&L Bean. . . . 228
Witness 32: Ms. Marie Bedner, Bedner Farms . . . 242
Witness 33: Mr. Raymond R. Rick Roth, Jr.,
    Roth Farms . . . . . . . . . . . . . . . . . . . . . . . . . 249
Witness 34: Mr. Patrick Carroll, Clear Springs . . 256
Witness 35: Mr. Chris Spencer, Florida Executive
    Office of the Governor . . . . . . . . . . . . . . . . . 262

Conclusion . . . . . . . . . . . . . . . . . . . . . . . . . . . . . 270
9:10 a.m.

MR. LIGHTHIZER: Well, good morning and thank you, everyone, for joining us here today to discuss trade policies affecting our seasonal fruit and vegetable producers.

It is unfortunate that we have been forced to hold today's hearings and next week's hearings virtually instead of in-person in Florida and Georgia as we had originally planned. On behalf of the Trump Administration, I welcome all those participating today and the many more who are watching from home.

I will make a few brief remarks and then, Secretary Purdue and Secretary Ross will make some remarks. After that, we will hear from several distinguished members of Congress. We will then receive testimony from the state officials, experts, and affected farmers.

We are having these hearings because this administration is concerned about the state of the market for seasonal fruits and vegetables.
in the United States. Our farmers are the most productive in the world and they have every right to expect fair trade in their home market.

Secretary Purdue and I spent a great deal of time meeting with members of Congress from Florida, Georgia, and other states, hearing about the nature of the problems our farmers face. I would like to commend those members for their diligence in representing the interests of this important sector of our economy.

I committed in a letter to Senator Rubio, Senator Scott, Representative Buchanan, and other members of the Florida and Georgia delegation to release a plan articulating remedies necessary to address any trade-distorting practices that may be contributing to unfair prices in the U.S. market and harming our producers.

We agreed to have this plan ready by September 1. Secretaries Purdue, Ross, and I are working on this and each will play a significant role in our strategy.
As everyone knows, the health of our agricultural economy is among the highest priorities for President Trump. I look forward to hearing testimony, reviewing the record, and working with all those concerned to come up with a successful, fair plan.

In addition to Secretary Purdue and Secretary Ross's, testimony will be taken by Ambassador Doud of USTR, Undersecretary McKinney of the Agriculture Department, and Assistant Secretary Kessler of the Department of Commerce. William Kimmitt of USTR will moderate.

Thank you to everyone. And now, I would like to turn it over to Secretary Purdue.

SECRETARY PERDUE: Well, thank you, Ambassador Lighthizer, and good morning to all of you. I really regret the fact that we're not able to meet in-person, because I know that I have many friends on these calls and I was looking forward to seeing you all, so we could really talk about this subject in-person.

But as Ambassador Lighthizer said,
this is a serious issue for the President. I think all of us on this call understand how pro-American he is and he wants a strong, vibrant agricultural economy. I think he's demonstrated that in so many ways.

This is a difficult challenge, frankly, in this particular topic in which you all are involved, and I can assure you, I've told many of you before and I want to tell you again that Ambassador Lighthizer, this was on his Top Five list, on the seasonal fruits and vegetables and the negotiations of USMCA.

He kept it there as long as he possibly could. It became very apparent that it was a redline for Mexico at the end and they need negotiation, while we would love to get 100 percent of everything we want, this was something that was very difficult to get across the line.

But the fact is, he nor Secretary Ross nor I have given up on that, and that's why we want to have this conversation today, to give you an opportunity to tell us and submit comments
about how we can help you all to be more competitive.

You know the United States really is focused, so productive in agriculture, we're focused primarily on exports, and that somehow puts you at a disadvantage and we want to know how we can make you more competitive vis-a-vis the Mexican imports that are coming in.

We are not a protectionist society in the United States, we've got confidence in our growers, but this is one of those areas that is very troubling for us, very problematic. And Ambassador Lighthizer, Secretary Ross, and I have been working to figure out how we can level the playing field in here.

We fully understand the competitive situation that you're in, we recognize that, and we want to know what we can do, aside from closing the borders here. We certainly are doing more in inspections on the sanitary, phytosanitary issues, as was negotiated by Secretary Ross on infection, and we're fulfilling
that.

But we've got to get down to the fundamentals of how we can do that from a USTR, US Secretary of Agriculture prospective. We're focusing on more markets overseas, the Japan market, which come in in your season next year, and other places that, even China, for lowering tariffs on blueberries and other fruits and vegetables.

Obviously, these are perishable commodities, which are better consumed right here domestically. That's where your challenge is and we need you all to help us figure out how to do that.

So, we want to continue to listen and the plan that Ambassador Lighthizer talked about has got to be productive in how we can best understand the real challenges and the fundamental parts of that to make you all feel like you're competitive in that.

We want to look at any kind of unfairness and whether it's subsidies, we know
that the labor issue is huge and that's very
difficult, obviously, based on the economies of
our country and the adverse wage rate that you
all have to pay under H-2A versus what Mexico's
paying, we know that's fundamental to the issue.

But we've got to figure out how we can
make our American economy both in the blue -- I
know there's a lot of blueberry growers, tomato
growers, other vegetable growers here, that we
want to do.

The challenge, obviously, in the
negotiations was, I think as you folks in the
Southeast know, we've got people here on this
call from the West as well, and unfortunately,
there was not unanimity that gave Ambassador
Lighthizer a strong stand on which to negotiate,
even in the United States.

So, we've got to find out where that
difference is. Our Western colleagues differ on
these opinions and our Southeastern colleagues
and growers do as well.

So, hopefully we can get some of those
answers and have a proposal that can make you feel that you are fairly treated in this domestic market and competitive and continue doing what you all do best.

So, I look forward to hearing your remarks and your comments as we go forward. So, thank you, Ambassador Lighthizer, Secretary Ross, and members of Congress for allowing me to join today.

MR. LIGHTHIZER: Thank you very much, Mr. Secretary. And now, I would ask Secretary Ross to make his comments.

SECRETARY ROSS: Thank you, Ambassador Lighthizer, for your steadfast commitment and devotion to American producers and American workers, and a warm welcome to the many panelists and witnesses that will testify over the two days of hearings.

The amount of interest shown in this hearing by those dedicated to preserving and, indeed, strengthening this essential American industry is an indication of the importance of
domestic food production and our domestic farmers.

We're here today because the Trump Administration recognizes the economic importance of this country's seasonal and perishable produce industry.

At the Commerce Department, we're acutely aware that U.S. agriculture faces rising foreign competition, particularly from Mexico. In the past ten years, total agricultural imports from Mexico have skyrocketed, increasing almost threefold to $28.3 billion in 2019.

Imports of fresh fruits from Mexico, excluding bananas, has increased from $2.3 billion in 2010 to $6.9 billion in 2019. Fresh vegetable imports from Mexico have almost doubled over the past decade to $6.3 billion.

It's imperative that the U.S. Government listens to the concerns of our growers and at the Commerce Department, we take concerns of unfair trade practices seriously and we use every tool available to counter them whenever and
wherever they exist.

In fact, the Trump Administration has already delivered some results for the domestic tomato industry. We did this by successfully leveraging the threat of tariffs.

Both the Commerce Department and the USITC investigated alleged dumping. And while the investigation was pending, Commerce imposed a 17 percent cash deposit requirement on tomatoes from Mexico. Meanwhile, we negotiated on behalf of the U.S. industry. And ultimately, in September 2019, we finalized the strongest agreement in history protecting U.S. tomato producers.

We know that no two crops have exactly the same facts, but we believe that understanding the details of each is the key to finding a solution. Whether it ends up as a result of the process in enforcement or it ends up in negotiations, we really need the facts.

In the case of tomatoes, the end result was we established reference prices for
Mexican tomatoes and contained strong monitoring and enforcement provisions, largely carried out by the Department of Agriculture, that included border inspections to prevent the importation of low quality, poor condition tomatoes from Mexico that can have price-suppressive effects on the market.

The agreement also closes loopholes that have effectively permitted sales below the prior reference point. That was a victory for American growers and generated $426 million in revenue for Florida tomato farmers in 2019 alone.

Since the beginning of the current administration, Commerce has negotiated 281 new antidumping and countervailing duty investigations, a 260 percent increase from the comparable period of the previous administration.

We currently administer 531 AD/CVD orders against unfairly traded foreign goods, an all-time high. No other administration has ever come close to this level of trade enforcement activity.
But we rely on American producers, their workers, and their representatives in Congress to alert us to unfair foreign trade policies and unfair pricing in the U.S. market.

Over the two days of these hearings, trade enforcement teams from Commerce will listen to the oral testimony and will further study all of your written submissions. We’re eager to hear from you about the obstacles you face in your own market and what the administration can do to address them.

Thank you again for the many long hours of hard work you do to feed our families with the highest quality food. Now, I turn the platform back over to walk you through the agenda for today’s hearing and introduce the panelists.

Thank you.

MR. LIGHTHIZER: Great. Thank you very much, Secretary Ross. And let me just say that all of us in the administration couldn’t have two better people in those enforcement jobs than Secretary Purdue and Secretary Ross, in their
extraordinary work in expanding markets for U.S. agriculture, but also insisting on fair trade in the United States.

So, with that, we will turn to our witnesses. Our first witness will be Congressman Vern Buchanan, and we look forward to your testimony, Congressman.

REP. BUCHANAN: Can you hear me all right, Ambassador?

MR. LIGHTHIZER: Yes, you're coming through. Unfortunately, we can see you also.

(Laughter.)

REP. BUCHANAN: Okay. Well, thank you for your leadership on this issue, it's a big thing, as you know, in Florida, we've had many discussions about it.

My name is Vern Buchanan and I represent Florida's 16th Congressional District. I want to thank you for allowing me the opportunity to address how Mexico's unfair trade practices are harming Florida growers of seasonal fruits and vegetables and affecting their ability
to survive.

Since 2000, Mexico has given the
Florida fruit and vegetable industry the short
end of the stick, because Florida and Mexico
share a similar growing season and produce a
number of the same fruits and vegetables.

Producers have been very hard hit by
Mexico's unfair trade practices that have enabled
unfairly priced Mexican produce to flood across
the borders.

While we grow the highest quality
produce in the world and can compete with anyone
in a global marketplace, our produce industry is
struggling against these unfair trade practices.

Mexico has systematically eroded the
Florida industry's revenues, market share, job
numbers, and ultimately, its ability to be
competitive.

The livelihood of Florida farmers and
families they support have been forever altered,
with many of the multi -- including many
multigenerational families being shuttered for
good.

Via the after study confirms that absence effective and timely and lasting relief, jobs and revenues will continue to be lost in high numbers. And with agriculture representing the state's second largest commercial sector, no other industry competes at that level.

As the co-chairman of the 29-member delegation, third largest delegation in the country, I can tell you, every member, Democrat and Republican, all 29, including the two Senators, are very committed to making sure something happens here.

I know, personally, I'm committed to leveling the playing field for our farmers as one of my top priorities, along, I could honestly, candidly say, all the other members as well.

For the last 20 years, from 2000 to 2019, Florida has lost $1 to 3 billion each year, $1 to 3 billion for 20 years. The Mexican fruit and vegetable industry has carved out more and more of the U.S. marketplace.
Eighty-five percent of our growers have suffered sizable market share declines over that period, while Mexico sector, in terms of their increase, has been a massive 217 percent. So, we're losing $1 to 3 billion for the last 20 years, average, so it's tens of billions of dollars, and they're up 217 percent.

The hardworking men and women of Florida that produce the fresh, nutritional produce that Americans consume every day are suffering growing losses as Mexico continues to dramatically increase its market share. We owe it to Americans to provide Florida farmers with the necessary tools to compete in a fair marketplace.

In recent years, Mexico exports of bell peppers, tomatoes, watermelons, sweet corn, lettuce, and similar products have enjoyed double-digit annual growth.

In fact, just this year, in 2020, Mexico produce shipments have been so substantial, the USDA had to revise its
projection to reflect another $300 million increase of Mexican produce.

Florida farmers for the past winter and spring marketing period were forced to plow their crops under and sustained staggering losses as Mexican's competition intensifies and many of our outlets are shutting down.

This year's experience serves as a renewed reminder that Mexican's industry aims to continue expanding its control over the U.S. fall and spring produce market, until the Florida industry simply ceases to exist.

If this were to happen, our country would have to rely solely on foreign producers to satisfy our fruit and vegetable demand from fall to spring.

Mexico unfair trade practices are a direct threat to the produce industry. Florida farmers need to know that we have their back and will do what it takes to save the industry.

I, therefore, respectfully urge USTR to launch in the near future a trade action that
can reliably stop these unfair trade practices
and enable our Florida producers to compete in
U.S. market on a fair and lasting basis. And
with that, Mr. Ambassador, I yield back.

MR. LIGHTHIZER: Thank you very much,
Congressman. I would just testify myself to the
diligence that you have had and that Senator
Rubio and Senator Scott and Congressman Soto, and
I could go right down the list of those who are
testifying, have had.

Because I know, I've met with you many
times, I've talked to you on the phone many times
with the other people, we've had group meetings,
I know Secretary Purdue has been involved in
them, Secretary Ross.

So, as I said in my opening statement,
we're so grateful for the diligent way you are
representing this important part of our U.S.
economy.

I think our next witness is, there's
some technical issue, but is Congressman Soto is
our next witness. Thank you very much,
Congressman Buchanan.

REP. BUCHANAN: Thank you.

REP. SOTO: Good morning and thank you for having me here today. Can you all hear me?

MR. LIGHTHIZER: Yes, yes --

REP. SOTO: Okay, great.

MR. LIGHTHIZER: -- we can.

REP. SOTO: Thank you. You said technical issues, so I just wanted to make sure.

I'm Congressman Darren Soto, representing the Central Florida area, broadcasting to you live from Kissimmee, Florida.

As many of you know, Central Florida is home to cattle, citrus, tomatoes, strawberries, and blueberries. Throughout the history of Florida agriculture, we have primarily focused on producing winter fruits and vegetables that are first in the market from early winter through early spring. In short, this is our window of opportunity, this is our traditional season.

Many discussions with -- I want to
thank U.S. Trade Representative Lighthizer for
the many discussions he's had with our delegation
and also his commitment to Florida's second
largest industry.

Over the last 25 years, the issue of
seasonality has threatened the very existence of
Florida's fruit and vegetable industry. I'll
focus my discussions on blueberries,
specifically.

As many of you many know, the
University of Florida, our land-grant college,
developed blueberry varieties that grow in our
world famous warm climate.

This industry has come to prominence
over the last 40 years and has become a popular
crop for Florida's farmers. And late in the year
to early winter, our local farmers roll up their
sleeves, cultivate these growth, and produce
world class blueberries.

So, what's the problem? In short,
Mexico growers utilize unfair trade practices,
such as government subsidies, cheap labor, and
suspect environmental practices, among other
unfair practices, to produce an artificially low
priced blueberry.

Add Mexico growers' dumping practices,
flooding the market with cheap subsidized
product, and the result has spelled disaster for
Florida's blueberry industry.

The economic damage has been
particularly acute within the last 15 years. For
example, in 2007, Florida growers had nearly one-
third of the blueberry market share, while the
market share for Mexico growers was negligible.
As of 2019, Mexico accounts for nearly 30 percent
of the blueberry market and Florida's market
share shrunk to about 16 percent.

However, market shares don't encompass
the entire problem. Price and supply costs are
leveraged aggressively by Mexican growers,
leaving Florida growers at a distinct
disadvantage.

Florida and Mexico had near parity for
price per flat at about $24 between 2015 to 2019.
However, sometimes, Mexico's pricing can be as low as $10 to $15 per flat, for the reasons discussed above, the unfair trade practices already outlined.

These prices force Florida to charge similar prices during the same growing season, essentially setting an artificial floor, severely reducing revenues, profitability, and long-term viability.

For example, the average number of pounds exported from Mexico between 2015 and 2019 was 46.8 million pounds, while Florida produced an average of 20.4 million pounds. Coupled with lower flat prices and fixed shipping costs, this has been a disaster for Florida blueberry growers.

Furthermore, under previous and current trade policies, Florida specialty crop farmers, especially seasonal and perishable farmers, do not have any current legal remedy to challenge these overly aggressive tactics.

This is where we think we can do
better, by giving them either standing or by
monitoring by the USTR, to actively police these
areas, could make a huge difference in the long
run. These aggressive tactics have forced our
local farmers to choose between their
multigenerational farms and their livelihood.

My constituent growers have
consistently told me over my 13 years as a state
legislator, combined with my Congressional
career, that they can compete with anyone, as
long as their hands aren't tied behind their
backs, as long as it's a fair and level playing
field.

These unfair trade practices and a
lack of legal remedy do just do this, without
continued oversight of any Mexican grower bad
actors, the robust Florida seasonal produce
industry will be eliminated forever.

Therefore, in order to save the
specialty crop industry and Florida's food
producers, including blueberry growers, we
respectfully urge the USTR's full and fair
consideration of an investigation into any possible Mexican trade practices and policies that are burdening and restricting U.S. commerce under the Trade Act of 1974.

We also ask you all to look to the Defending Domestic Produce Production Act, H.R.101, a bipartisan bill that grants standing to those who are in the seasonal and perishable producer industry, to bring important relief based upon unfair trade practices and harm that they uniquely suffer during their discrete seasonal periods.

These mechanisms would ensure that they have the unique ability to bring claims based upon these violations during their seasonal and perishable product windows.

And with that, I just want to thank Trade Representative Lighthizer once again and your esteemed team for the great work you did on USMCA and let's work together to see if we can improve it from there. Thank you.

MR. LIGHTHIZER: Great. Thank you very
much, Congressman, we appreciate the comments and we will certainly consider your testimony very heavily.

Our next witness is Senator Rubio, who I believe is hooked up. Senator, you have the floor.

SEN. RUBIO: Yes, can you hear me?
Thank you. I'm sorry about that, I tried to do that video link, but I guess I needed to down the app, I was having trouble with it. But I hope you can hear me fine.

And I want to thank you Ambassador and Secretary Purdue and Secretary Ross for putting together this important hearing and for the opportunity you've given all of us to be on this call to advocate on behalf of our constituents and from my perspective and Senator Scott's, our home state.

And I think I can say on behalf of Florida and all the growers, we want to thank you for the serious and strong attention that you're paying to the harm that Florida seasonal growers
are suffering from, I don't think it can be
called anything but unreasonable trade-distorting
practices on the part of Mexico.

And you're here, let me just say this,
I know you're here because you respect these
growers. And for the people of Florida, these
growers and the people they employ, the people
they serve, and I believe the people of this
country that depend on these growers for fresh
produce, especially during the winter months,
this is a really important topic.

And so, like I said, I wanted to begin
by expressing my gratitude for giving them the
respect I believe that they deserve.

I also want to acknowledge that you're
here because you made a promise to us that you
would hold these hearings and I thank you for
keeping that. You made it publicly, you made it
privately, that this would be examined, and today
is part of keeping that promise and we're
grateful for that.

So, as I'm sure you're all aware, as
part of the materials submitted to you for the
testimony you'll hear today, Florida is obviously
the country's leader in producing seasonal
products, such as the fresh tomatoes and squash,
et cetera. It's second in producing other
seasonal and perishable produce, think bell
peppers, strawberries, and many other things.

And of course, I'm biased, but I think
our produce, we produce the best fruit and
vegetables in the country. And during the winter
and spring, in particular, when other producers
are not yet harvesting, our South Florida growers
are feeding more than 150 million people.

So, as you can see, this industry
really has a very viable argument to make that
they're critical to our national food supply, and
I think we have learned here over the last few
months that the ability to provide for ourselves,
especially in a time of great need, is something
that, unfortunately, over the previous years,
administrations in both parties have neglected,
and I'm glad to see this administration takes
seriously.

So, you will hear from those who are impacted directly. You'll hear about over how the last 20 years, their ability of these growers to provide for the nation has been eroding and it's been due in large part to unfair pricing, coming from Mexico.

Unlike growers in other parts of the country, Mexico's growers don't share our seasons.

So, I want to -- there's a quote that I think you have from the Florida Fruit & Vegetable submission to you. It talks about how in 2009, our fruit and vegetable farming sector contributed 39,000 jobs, over $6 billion to our economy.

By 2018, the numbers for the sector, while still very important, had tumbled to 27,000 jobs and down to half, $3.2 billion to our economy. And these losses perfectly correspond with these radical increases in Mexican produce shipments and Mexican market share during the
same period of time.

And these imported products are priced unfairly low and it's largely due to the fact that these growers in Mexico are receiving significant subsidies, that are provided directly to their industries.

These subsidies, which are directed to capitalizing these growers and to directly enhancing their ability to export and to make them competitive and dominant in the export field is over 200 million annually.

If our growers had 200 million annually of direct government assistance, they would be able to compete, but they don't, because we believe in fairness and freedom, in terms of the trade situation, but that's not what Mexico's practicing.

And so, this is not a matter of Florida growers needing to adjust to a more competitive global market, or even some failure on their part to modernize.

This is simply a matter of the fact
that these growers and Florida produce is in the
direct crosshairs of these unfair trade
practices. They are, in essence, deliberately
trying to put them out of business by heavily
subsidizing the domestic industry inside of
Mexico.

And you think about what's happened
during the pandemic, as I said, it's been even
harder on the growers, they've been slammed by
it. Their economic maintain the course
exacerbated by the same unreasonable and trade-
distorting trade practices that have been harming
them for many years.

And the Mexican market share is
meaningfully up in 2020, relative to the same
month last year. Meanwhile, the subsidy activity
is up in 2020 as well, demonstrating that even a
global emergency is not going to stop this
assault on our seasonal produce.

They are being targeted for
elimination by these practices, that's what
they're trying to do.
And by the way, once that happens, then I predict, as market conditions generally behave, once you kind of corner the market, then you can price it at any time you want. And so, anybody arguing that this is good for American consumers, because of lower prices, that's only until there's no competition left.

So, I believe that as we turn towards economic recovery from the pandemic, our Florida producers, they desperately need this problem to be addressed, to have any hope of sharing in that recovery, if we even hope to have an industry in five, seven, ten years.

All the seasonal produce growers in the Southeast are hurting and they require real help. And here's -- what we basically are asking for is fair trade with our neighbors, nothing more, nothing less.

Again, I want to thank you for your attention to this issue and I'd also like to remind you that there's nothing less than real, effective, timely, enforceable relief that really
is suitable for the particular needs of these
growers.

The remedy, in my view, and it serves
to see that best fits that description is a 301
action. If another remedy is proposed, it would
have to meet the same standards of real,
effective, timely, enforceable, and industry
appropriate relief in order to be meaningful.

The USMCA, I think the administration
needs to be commended, it was a victory for our
economy in general. But -- and I do believe that
it puts us on a more even playing field,
generally speaking, with regards to protecting
American workers and promoting opportunities for
dignified work, and it strengthens our
relationships with our neighbors in Canada and
Mexico.

However, as I said at the time and I
repeat now, Florida growers were not protected by
this agreement. It may be good for the overall
economy, but for this important industry, they're
not protected. In fact, I could argue that they
were sort of left out of the agreement.

And as you guys have assured us on multiple occasions that that situation would not be the final word on this, that the livelihood of Florida growers would not be one of the embedded price tags of the USMCA.

So, we're truly hoping that that can be followed up by some action that can help save and support an industry.

And again, look, I want to thank you all for inviting me to participate, for hosting this hearing. I know we've been waiting to have it, and through no fault of anybody on this call, have been delayed, but I'm glad we were able to get it off the ground and I'm grateful that you've given me the opportunity today to have my voice heard on it. So, thank you again for the chance to be a part of it.

MR. LIGHTHIZER: Thank you very much, Senator, for your testimony. We'll certainly take it under consideration. Thank you also for your steadfastly representing this important part
of the U.S. economy and engaging with us so often
on it.

Our next witness is Congressman
Steube. Congressman, you're on the screen and
you have the floor.

REP. STEUBE: Thank you, sir. I'm Greg
Steube and I represent Florida's 17th
Congressional District, an area that represents
many of Florida's fruit and vegetable producers,
one of Florida's largest agricultural districts.

Thank you for the time and taking the
time to hear the background and information on
crucial issues that deeply affect all Americans.

As you know, the entire Florida
delegation signed the letter in July, led by my
team which requested that your agency hold these
hearings and continue addressing the unfair
Mexican trade practices that have severely harmed
the Florida produce industry for the last 20
years.

I greatly appreciate USTR's commitment
to addressing the issue and urge USTR to take
actions immediately that will provide a
sustainable, long-term solution.

Seasonable produce is vital to the
state of Florida, which ranks as the largest
producer of many seasonable and perishable
products in the country.

The Florida fruit and vegetable
industry is especially vital to the health of my
Congressional district, as I'm proud to represent
the largest citrus producing district in the
nation and many other growers of nutritious
seasonal produce.

Although our state produces many of
the same crops as Mexico, the imbalance of the
market landscape continues as unending stream of
Mexican produce floods our U.S. markets at prices
and in volumes that Florida farmers simply cannot
compete with.

For too long, Florida farmers of fresh
produce have suffered from Mexico's unreasonable
trade-distorting practices. Over the past ten
years, for example, Mexico increased imports to
the U.S. by 551 percent, creating disproportionately hard hitting impacts to Florida and Florida's economy.

From 2000 to 2019, we lost upwards of 200 million in tax revenue for our state's economy and 1.1 to 1.2 billion in sales and nearly 40,000 Florida jobs, as a result of the Florida produce industry's dwindling market share.

Of course, as you know, this hasn't been earned fairly. Mexico's government heavily subsidizes virtually all aspects of its specialty crop production, amounting to an average of 200 million per year.

Program subsidies continued to surge aggressively each year. As a result, produce is priced artificially low and floods the market during the same market window for Florida growers.

Because of this, Mexico is now the largest exporter of fruits and vegetables to the U.S. market during Florida's winter growing
season. This has given some Florida farmers no choice but to shut down, since there's no trade mechanism available to combat these unreasonable practices that are systematically taking over U.S. markets.

If we lose Florida farmers, the U.S. could be forced to rely solely on foreign produce imports to feed Americans during the fall, winter, and spring months, which I think would be disastrous on a lot of different levels, not just for the impact that it would have on our communities, but the impact it would have on our national security.

With the increase of Mexican imports seen during the onset of the COVID-19 pandemic, the Florida industry's level of concern and frustration over Mexico's unfair fruit and vegetable practices is at an all-time high.

From January through April of this year, when so many of our Florida growers were forced to plow their crops under, the Mexican produce industry continued to increase its U.S.
market share by 17 percent versus the same period of 2019, and often at record low prices.

With Mexico's unfair trade practices in this industry continuing at a rapid pace, our Florida growers are counting on your plan to give them relief and hope for the future of their businesses.

A timely trade remedy is needed to help save our produce sectors in Florida and the largest Southeast and Florida farmers deserve the right to fair trade, like other U.S. sectors of the economy.

I appreciate your candor and willingness to hear our concerns regarding the survival of this great American industry so vital to our nation's food supply, economy, and my Congressional district.

I respectfully urge the USTR to investigate Mexico's unfair trade practices and subsidy policies under Section 301 of the Trade Act of 1974, or consider other remedies that will give Florida farmers the ability to fairly
It compete in their own marketplace.

And I greatly appreciate you having this hearing today. I yield back.

MR. LIGHTHIZER: Thank you very much, Congressman. We appreciate your testimony and we'll certainly take it under consideration.

Our next witness is Congressman Spano. Congressman, are you there? You are, you're on the screen.

REP. SPANO: Yes, yes, yes, thank you.

Good morning and thank you so much for taking the time to meet today to discuss one of the most important issues for me, for my district, and for the entire state of Florida, I would argue.

I would also like to thank the members of the panel today for not only attending the hearing, but also for holding the hearing in my district, initially it was scheduled to be in Plant City, but now have had to do it virtually, but grateful that that was initially scheduled here.

As many of you know, Plant City has a
very, very rich history growing strawberries,
dating back to the mid-18th century. Mid-1800s,
I should say.

The warm Florida climate allowed our ancestors to grown strawberries in the winter months, which caused our town, Plant City, to bloom, and it put us on the map.

Today, our hardworking growers plant more than 10,000 acres of strawberries every year, which bring in hundreds of millions of dollars to our community.

Through their persistent hard work and dedication, Plant City is now known as the winter strawberry capital of the world and it produces over three-quarters of all winter strawberries grown in the United States.

We're currently proud of this history and it continues to be a vital part of our culture. Plant City has held an annual strawberry festival since 1930, which today attracts thousands of visitors from around the country.
And last year, we were honored to host Ambassador Doud at the festival, to showcase how vital strawberries are to our community. Sadly, our growers, their families, and our way of life in Plant City are under siege.

For years, the Mexican government has been actively subsidizing Mexican growers, permitting them to grow below-cost produce, and then dumping those cheap fruits and vegetables into the United States.

These one-sided trade practices place our growers in an unwinnable position and are slowly pushing Plant City strawberries out of the business altogether.

This situation is clearly borne out by the data. Since 2000, Mexico has been financing billions of dollars in agriculture subsidies to pay for equipment and technology that our growers must supply for themselves.

For protected fruits and vegetables, such as strawberries, the Mexican government typically covers 50 percent of the cost of every
project. These subsidies, coupled with lower cost labor, have resulted in dramatic changes in our agricultural economy.

Since 2000, the amount of land in Mexico used for protected fruits and vegetables has soared from approximately 300 acres to 130,000 acres.

This has caused the value of Mexican produce shipped to the United States to increase by more than 500 percent and the value of Mexican strawberries imported into the United States to grow by more than 1600 percent.

This growth, caused directly by subsidies from the Mexican government, comes at the expense of growers in Plant City and across Florida.

In the last 20 years, Florida growers have lost between $1.1 and 2.2 billion in sales, leading to nearly 40,000 lost jobs in Florida. And in strawberries alone, our growers have suffered hundreds of millions in losses in sales and a 36 percent reduction in market share in the
Since 2000.

Sadly, it appears Mexico plans to double-down on these unfair trade practices. Subsidies for strawberries and other produce have increased in 2019 and 2020.

Mexico's current President, Lopez Obrador, has openly stated he plans to expand subsidies to Mexican producers and plant, quote/unquote, one billion hectares of fruit and timber in Mexico.

Furthermore, in addition to enacting broad subsidies, Mexico is specifically targeting Florida strawberry growers.

Normally, the price of produce increases the farther it is shipped. So, it stands to reason that produce shipped from Western Mexico, where most of their crop is harvested, should reflect the price of the journey.

However, the data reveals the opposite. Strawberries shipped Mexico to California average $17 a case, whereas
strawberries shipped from Mexico to Florida average $12 to 15 per case.

This shows a conscious effort to drive Plant City growers out of business. If these trends continue, our growers are expected to continue suffering hundreds of millions of dollars in losses.

The situation is truly dire and if a solution is not provided and fair trade practices restored, the strawberry industry in Plant City could be completely eradicated within just a few years.

The testimonies from my colleagues that will be presented today and the data submitted for the record duly reveal the emergency my growers face. However, the growers in Plant City and across Florida can tell this story better than I or the data ever could.

Today, we're here to put faces to figures, to show the beyond the data of the harm that the Mexican government is doing to our community and to emphasize the need for immediate
and effective relief.

Thank you again for your time. I yield back.

MR. LIGHTHIZER: Great. Thank you very much, Congressman. We appreciate that. We will certainly take your testimony into consideration.

I'm told that right now, there is a couple of witnesses that are having technical issues. I think we will pause for about three or four minutes and give them a chance to hook up again.

(Whereupon, the above-entitled matter went off the record at 9:53 a.m. and resumed at 10:05 a.m.)

CHAIR KIMMITT: As you may have noticed, we're ahead of schedule and appreciate all the participants' flexibility, particularly as we're also dealing with technical issues. I'd now like to welcome our next witness, Commissioner Nikki Fried from the Florida Department of Agriculture and Consumer Services.

MS. FRIED: Good morning. Can you all
hear me? Yes.

CHAIR KIMMITT: Yes.

MS. FRIED: Good morning. Ambassador Lighthizer, Secretary Perdue, Secretary Ross, and members of the Hearing Committee, as Florida's Commissioner of Agriculture, I thank you for the opportunity to address the urgent need for timely and effective remedies to protect U.S. seasonal producers from unfair Mexican trade practices that continue to devastate our domestic agriculture industry. With $137 billion economic impact, agriculture is Florida's second largest industry and first during times of economic downturns, like we are currently experiencing due to COVID-19.

Our 47,000 farms support over 2 million hardworking men and women, keeping our food supply strong and our nation's families fed. Our farmers are resilient, throughout challenges like hurricanes, droughts, wildfires, invasive species, trade wars, and now global pandemics. Our farmers also suffer from increased and unfair
foreign competition with the USMCA's entry into
force on July 1st.

For 25 years, NAFTA allowed domestic
markets to be flooded with cheap produce from
Mexico, due to its government's agricultural
subsidies as well as lower labor costs and safety
standards. Domestic producers have been hopeful
that these unfair practices would be addressed
with the renegotiation of NAFTA. But they found
themselves on the cutting floor as the USMCA was
finalized.

Our seasonal producers cannot afford
to operate while these unfair trade practices
continue unabated. I am proud to speak out today
on behalf of Florida's farmers and to implore the
administration take immediate action to provide
remedies that are both effective and timely to
protect them from further harm.

Following the USMCA's entry into
force, I shared with Ambassador Lighthizer the
study you have before you today that our
department conducted on the impact of Mexico's
agriculture exports on Florida agriculture since 2000. Dan Sleep from our department will be speaking to this report in greater detail during his testimony in just a few minutes. And while we know these unfair trade practices impact farmers beyond Florida, from Georgia to Mexico to Washington state, we wanted to provide the Administration with a snapshot of the devastating impact they have had in our state.

One cannot deny the harm being caused when faced with the data. But I implore the members of this hearing committee and the administration to see these figures not only as numbers on a chart but as an attack on American's livelihood. They are generations of family businesses, jobs sustaining local communities, and food on the plates of our children.

I am thankful that the administration will have the opportunity to hear directly from the farmers, families, and communities that are suffering due to lack of access to unfair trade remedies, first under NAFTA and now under USMCA.
After seeing the numbers and hearing their stories, there can be no doubt as to the seriousness of this issue and a dire need for this administration to take immediate action under its existing trade authority to stem the losses with our domestic seasonal produce industry. With the USMCA now in full force, the clock is ticking for your agencies to help us protect seasonal producers across the United States.

The need for timely and effective remedies is even more urgent now, as these same growers continue to suffer steep losses due to COVID-19 disturbances. The Florida Department of Agriculture and Consumer Services stands ready to assist our federal and industry partners as we move forward towards long overdue solutions. Florida remains united in fighting for fairness for all of our farmers. Thank you again for this opportunity to testify and for giving a voice to our producers.

MR. DOUD: Thank you, Commissioner.
We have spoken over the phone before but not met face to face. I'm Ambassador Greg Doud, Chief Agriculture Negotiator at USTR. I was wondering with regard to your testimony and that of Mr. Sleep's, are you available to answer a question or two here or would you like to pose those to Mr. Sleep?

MS. FRIED: You can ask me any questions.

MR. DOUD: Did she -- Commissioner, did you hear my question? Apparently, she can't hear me. Commissioner, can you hear me?

MS. FRIED: I can't hear anything.

MR. DOUD: She can't hear me. Okay.

MS. FRIED: I can't hear anything.

Sorry.

MR. DOUD: I'm trying. Okay.

MS. FRIED: I don't know if it's on your end or ours.

MR. DOUD: I don't know either. Let's see. Can you hear me now, Commissioner? Still no luck. Under Secretary McKinney, can you hear
me? I'm looking at you here.

MR. MCKINNEY: Yes, I can hear you,
Ambassador.

MS. FRIED: If you're trying to ask us questions, I can't hear anything. I'm so sorry.

MR. DOUD: Okay, okay. No problem,
Commissioner. We'll go to -- onto our next --
right. Well, but thank you, Commissioner Fried,
and apologies for the technical difficulties. We
might throughout the day have follow-up questions
for additional witnesses who are providing
testimony.

With that, I'd like to welcome Mr. Dan Sleep from the Florida Department of Agriculture
and Consumer Services.

MR. SLEEP: Thank you, and good morning. It's great to be here. I appreciate
today's opportunity to discuss how NAFTA and the USMCA have impacted Florida agriculture
producers. For the last 20 years, much of my focus has been conducted marketing operations for
our division, producing research, and quantifying
impacts of our domestic and international programs, as well as examining adverse events that impact our farmers, ranging from hurricanes, freezes, product recalls, and most recently the competitive trade environment.

During 2017, our bureau implemented an advanced database and analytics capability, which allowed us for the first time to examine large data sets of commodity movement and pricing information and organize these into a series of comparative historical graphs. Many of you have copies of that report today. We essentially imported the entirety of the USDA's movement data, covering more than two dozen fresh specialty commodities from every country in the world with a record and every U.S. state.

We do this to include every piece of data from every day for more than 20 years. Our team then began to research how Florida had fared during NAFTA, beginning with available records from the year 2000 through 2016. Today, we've added to our findings and recently
completed work on our report examining this
information and the change in conditions through
2019.

Long term from 2000 to 2019, Florida
farmers have lost 40 percent of their starting
market share position, while Mexico gained 217
percent. That isn't just a percentage. That
number represents minimally $1 to $2 billion of
Florida economic growth, over 100 million in
operating revenues for state, county, and cities,
and countless business and personal opportunities
unfairly lost.

In 2000, Florida's specialty
commodities were valued at about $1 billion more
than Mexican specialty crop imports to the entire
United States. However, Florida's cash receipts
deprecated from 3.3 billion in 2000 to 2.4 billion
in 2018, a decrease of 28 percent. While Mexico
continued to expand from 2.3 billion in 2000 to
13.5 billion in '18, and most recently 15 billion
in 2019, and extraordinary 550 percent expansion.

While this was occurring in the last
1 year, our team of designers and analytics built
2 the capability to track specialty crop pricing in
3 terminal markets across the United States. This
4 gave us insights for the first time to unfair
5 pricing conditions, and that can be found in the
6 report that we've given you today. Throughout
7 this research project, it has been fair too easy
8 to identify the negative impacts on our
9 industries and practices, which appear to
10 restrict and reduce the U.S. producer's ability
11 to remain in business.

12 We are here today to offer our support
13 and findings to help the administration better
14 understand how the competitive environment has
15 devolved during NAFTA and the USMCA. Our goal is
16 simple, to provide the most current data analysis
17 so that policymakers can craft an actable trade
18 agreement to help secure the future of Florida
19 agriculture. Thank you very much.

20 MR. DOUD: Thank you, Mr. Sleep. We
21 have time for some questions here from all of us.
22 And the first question I wanted to ask you, and
we'll gang up on you since we didn't get to ask a
question of Commissioner Fried.

So you mentioned this analytical tool,
and I think that's very interesting. Could you
give us a little further explanation or expansion
on this tool and how you see the imports of
seasonal products impacting markets in the
southeastern part of the United States using that
tool?

MR. SLEEP: Yes. I think first I
would say that without one of the finest
databases in the country, in the world perhaps,
the USDA's Movement and Pricing Databases and the
dedicated individuals there that maintain that,
we wouldn't be able to do any of this. So we
basically access those databases, import them
into a system, an analytics platform, basically a
computing tool called Einstein Analytics. And
this helps us to organize that data in ways that
are easy for us to look at.

The things that would be, let us say,
almost impossible for me to do with a small
staff, even though they're dedicated. The small 
staff that I would have would take hundreds, even 
thousands of hours to do, we can do in a matter 
of minutes sometimes and then spend our time 
actually looking at and understanding how to 
design and give those reports to you. And we've 
done that today. Does that answer your question?

MR. DOUD: Yes, thank you. I'll turn 
it over to Under Secretary McKinney for a moment.

MR. MCKINNEY: Hi, Dan. And 
Commissioner, it was good to hear your comments 
as well. Am I coming through okay?

MR. SLEEP: You are, sir.

MR. MCKINNEY: Great. First of all, 
I think it's implied we'll be getting a copy of 
that report. And I'm very interested in making 
sure all of the terrific economists and analysts 
here at USDA can take a look at that and fully 
digest it. So I'll just presume that's the case.

The second point is, how comprehensive 
is it? For example, we hear mostly about fruits 
and some vegetables. You and Florida also have a
fair amount of oranges, mostly for juice. Is it a comprehensive report that transcends virtually all of your crops, seasonal, perishable there in Florida?

MR. SLEEP: In the short response, yes, any of the crops that are tracked in the USDA movement report, and there's about, I think, 36 or so and around 25 or plus of Florida commodities. And that's everything from blueberries and strawberries to oranges and tangelos. So anything that's in there that's being tracked in a consistent fashion, which they have been, we can look at those and understand our relationship to Mexican producers, to those exports coming in, and any other country that you may want to look at. Mexico continues to be the primary competitor --

(Simultaneous speaking.)

MR. McKINNEY: And how far back do you analyze the data? I'm guessing it's some number of years. But just how far back does this study go?
MR. SLEEP: The data that is in the main report, the USMCA report, goes back to the year 2000. That's when the first available data is, and it comes forward. And then we have broken that out looking at different years, sometimes a few years apart, so that we can understand what's happened in the last three or four years, and we can quickly assemble that and look at just about any time period we would want or the industry would need.

MR. McKINNEY: Thank you.

MR. SLEEP: Very welcome, sir.

CHAIR KIMMITT: I think we have time for one more question if Assistant Secretary Kessler has one.

MR. KESSLER: Yes. Well, thank you first of all, Mr. Sleep and Commissioner Fried for your testimony. I appreciate it and very much look forward to reading the report. I wanted to ask about the fact that you identified a variety of adverse factors that have unfortunately affected Florida agriculture over
You mentioned hurricanes and freezes and product recalls and the competitive trade environment. I'm curious. If there's -- if you think there's a way or maybe in the report there's a way that we can isolate the effects of other countries' unfair trade practices on Florida agriculture, or how you would think about that and what data we should be looking to as we think about that question.

MR. SLEEP: We've begun to examine the relationships of other secondary events. I guess for me and my team, we often look at those as short term. For instance, COVID is a single event perhaps with a three to five-month duration. And so we try to isolate that. We hope, of course, like everybody, that goes away and it never occurs again.

But the unfair pricing from Mexico does not go away. It continues to be observable. When we look at the pricing data, we can actually look at, and did in another study that you'll
have a copy of in January-April time frame. In 2020, we looked at to see -- for instance, to see if any product showed up in the market under the price of $5.50.

For me, I was just looking to see if anything would surface. Unfortunately, over 1,200 instances of that were identifiable in that report, and that's just in that four-month period. And in fact, when we look at a $5.50 hypothetical price, none of those products -- and that's only on the Eastern Seaboard of the U.S., is that none of those products should've been delivered in those terminal markets for $5.50 because it costs about that to ship it from Mexico to those places. So that's of concern.

I think that the instrument that we've developed, the analytics, capabilities allow us to for the first time, as administrators and policymakers, to look at that and go, is that a fair price? Can we isolate that? So I guess to answer your question, I hope I did, most of the things that I have looked at over the years,
hurricanes, they come and they go. Mexico unfair pricing just does not.

CHAIR KIMMITT: Thank you, Mr. Sleep.

MR. SLEEP: You're welcome.

CHAIR KIMMITT: I'd now like to welcome our next witness, Congressman Ted Yoho of Florida.

REP. YOHO: Good morning, everybody.

I assume you can hear me all right.

MR. DOUD: Yes, Congressman.

REP. YOHO: I appreciate you guys taking this time. Just for the record, my name is Ted Yoho and I'm honored to represent Florida's 3rd Congressional District. And I want to thank the U.S. Trade Representative for hosting today's roundtable to address the trade-distorting policies that are harming our Florida farmers. And we've talked about this before, and I appreciate you following through on your commitment.

As you know, agriculture is the second largest industry in Florida. Our state provides
a thriving environment for producers, an abundance of the world's highest quality nutritious fruits and vegetables. As one of three Floridians on the House Ag Committee, and working directly with farmers and ranchers since I was at age 15, I hate to tell you that was 50 years ago, I know that the producers in my district and across the state -- because I've traveled the state, know it from Homestead, Florida all the way up to the Panhandle, are dedicated to producing the highest quality food for Americans across the country and a large part of the world.

Florida ranks number one in so many different things from citrus to watermelons to sweet corn and the list goes on and on. Moreover, I'm confident that our Florida producers can compete with farmers across the world so long as there is an even playing field. And that's what this call is about. And unfortunately, that is currently not the case.

Florida farmers grow seasonal and
perishable fruits and vegetables in the fall, winter, and spring months. High volumes of Mexican fruits and vegetables flood into the U.S. markets in the same time frame and at a price Florida farmers simply can't compete with. And those things have been discussed, the labor issues, environmental standards, and the cost of production and the subsidies from the Mexican government which we have a report from the University of Florida that we can reference and send to you if you haven't seen it. I think, Ted, we've already sent it to you.

The issue has been going on for more than 20 years, since NAFTA went into force. The seriousness of the seasonality problem has been recognized before, but no action has been taken other than the suspension agreement on tomatoes, which took over 23 years. And during that time, we saw Florida go from 300 producers in tomatoes, and 65 percent of the United States' crop of tomatoes, dwindle down to less than five big producers in Florida and less than 30 percent of
While we were waiting for the suspension agreement to correct this problem, the end result is it killed the Florida tomato growers. As a result, Florida farmers have been left to pay the price. Our producers need immediate relief, and I stress immediate relief before the industry is completely decimated.

Mexico has been flooding the U.S. with crops, including blueberries, squash, peppers, watermelon, and more at an alarming rate, at unfairly low prices. And there is a multitude of factors keeping their prices low that have been discussed already and I'll be happy to answer questions on those.

Additionally, the Mexican produce industry accession in the U.S. market has not been earned fairly. The Mexican specialty crop production is subsidized by their government amounting to an average of $200 million per year. As a result, Florida produce industry market share declined from 2000 --
MR. DOUD: Congressman?

REP. YOHO: -- to 2019 -- yes?

MR. DOUD: Congressman, we are having technical difficulties here. You've kind of faded away on us.

REP. YOHO: Is that better?

MR. DOUD: I'm not sure if there's a way to bring you back or not.

REP. YOHO: Can you hear me now?

MR. DOUD: Just a little bit better. Not much, sir.

MR. MCKINNEY: Gregg, this is Ted McKinney. He's coming through clearly with me, so if that helps you.

REP. YOHO: Well, this is something we need to address, too. I think it's rural broadband. That's for a different conversation, though.

MR. DOUD: That's a little better --

REP. YOHO: Can you hear me now?

MR. DOUD: -- Congressman, right there. Yeah, let's try it again. Go from there.
Yeah, I think we've got you back.

REP. YOHO: All right. So you heard the part about the Mexican specialty production subsidized by their government amounting to an average of 200 million per year. As a result, Florida's produce industry market share declined from 2000 to 2019, while Mexico's grew by 217 percent. From 2009 to 2018, Florida's economic contributions from the fruit and vegetable farming sector was cut in half from 6.3 billion to 3.2 billion.

Mexico's unfair pricing schemes, cheap labor, have helped them become the largest exporters of fruits and vegetables to the U.S. market during Florida's winter growing season. The Mexican's government elaborate subsidy enormously offsets production costs, provides programs that elevate and encourage more production.

Data shows that in 2013 alone, Mexico's equipment infrastructure program provided about $400 million in government
subsidies for protected horticulture resulting in skyrocketing production of tomatoes, bell peppers, and strawberries, which are primary targets to this program.

Mexico continues to capitalize and expand its subsidy benefits for its produce industry. Today, about 80 percent of Mexico's produce grown under a protected structure is destined for the U.S. market. Under the current structure of the government's program for the promotion of agriculture, all of Mexico's protected agricultural structures are eligible to receive subsidies up to four million pesos per project, whereas in previous years, equipment infrastructure have variable caps, the highest of which was 2.7 million pesos.

The University of Florida Agricultural and Applied Economics Association's Government Support in Mexican Agriculture report was in 2018. So we've known about this for over two years. Florida's specialty crop farmers have been left without a mechanism to combat these
unfair trading practices for seasonal and
perishable produce for more than two decades.

With no current trade remedy,
multigenerational family farms will shut down.
And once they're gone, they're gone for good.
And just a case in point on that. I talked to
blueberry farmer, and I think she's on this call
or has been, Brittany Lee. They cut back 25
percent last year because of the prices because
they couldn't compete with Mexico. This year,
they had to cut back 25 percent more. So they've
cut back 50 percent in two years.

I had a cattle farmer that used to
grow produce. He grew all the specialty crops.
He's out of business on that because labor and
the price. He says, I can't get the price for
them, and this is happening all over America, or
in the southeast anyway.

I represent many blueberry and
watermelon growers specifically who have
experienced firsthand the devastating fact of
these unfair trade practices, and this blows me
away. From 2012 to 2018, the value of U.S. imports of Mexican blueberries -- I want you to hear this number if you haven’t heard it. The value of U.S. imports of Mexican blueberries in this six-year period of time, 2012 to 2018, grew by 708 percent with a sustained average annual growth rate of 47 percent.

As the pandemic hit us hard, Florida farmers had to plow under their harvest-ready crops because of a market collapse and factors outside of their control. Yet at the very same time, and Ted, you and I have talked about this, Mexico continued to ship crops into the U.S. by hundreds of truckloads, while my farmers are plowing this stuff up. Mexico shipped an additional 1.5 million flats of blueberries to the U.S. from January to April, versus the same period in 2018, a market share increase of 64 percent.

Mexico's incremental additional volumes in 2020 surpassed Florida's total blueberry shipments in that period of time.
Mexican produce shippers from numerous years, including 2020, have aggressively targeted the Florida produce industry predominate eastern market terminals with far lower prices than in western market terminals, and we know this for a fact. This has forced Florida growers to compete against an unviable minimum price structure in their own backyard, lending to financial downfall.

This is not sound economic or ag policies. Mexico's unjust practices have harmed Florida producers, their revenues, their market shares, jobs, numbers, and ultimately our state's ability to remain competitive. Nearly all of Florida seasonal producers have been left defenseless against their unfair competitive practices and the USMCA and NAFTA combined.

The Florida produce industry has little hope for the future unless the administration institutes trade relief this year that can stop and reverse the hemorrhaging in our industry resulting from these unfair practices.
I'm not going to finish that part. I just want to add this one part.

We've all heard how the American farmer feeds the world. If the seasonality issue of Mexican produce competing with our farmers is not corrected immediately, it'll be a phrase that is meaningless. There soon will not be enough people engaged in farming in the U.S. for us to be food secure.

This is not rhetoric, and it's not hyperbole. It's a fact. A nation that does not have food security does not have national security. If USMCA is not corrected for seasonality of the southeast producers with Mexico, then you will see food production go the same way as the textile industry, the furniture industry, et cetera. If you truly are negotiating for the very best of America, then why would we not do something for our farmers, especially the ones in the southeast. And I yield back. Thank you.

CHAIR KIMMITT: Thank you Congressman.
This concludes Session 1, and we are now going to take our scheduled morning break. And we'll reconvene at 11:00 a.m.

(Whereupon, the above-entitled matter went off the record at 10:34 a.m. and resumed at 11:12 a.m.)

MR. BISHOP: Welcome back. We apologize for the technical difficulty. My name is Cameron Bishop. I'm a Deputy Assistant United States Trade Representative. We are going to continue with the Session 2 program. As we get going, I'm going to kick it back over to William Kimmitt to run the program, and we'll pick up just where we were.

CHAIR KIMMITT: Thank you, Cameron. And thank you to everyone for your patience as we work through these issues. As we begin this next session, obviously we're getting a little later start than we had hoped, which will condense this session a little bit. And we're going to do our best to stay on schedule.

So we do ask if those testifying could
do their best to limit their remarks to the five minutes. And if I do cut you off, I apologize in advance, but it's just to keep us on schedule. And so now we will begin our second session, beginning with Mr. John Hoblick from the Florida Farm Bureau Federation.

MR. HOBLICK: Thank you, and good morning, Representative Bishop, Under Secretary McKinney, and Assistant Secretary Kessler. I'm John Hoblick, President of the Florida Farm Bureau Federation, representing nearly 140,000 member families. Today I'm honored to bring you testimony of gratitude for the hearing today and for pledges made by officials to develop and implement a plan to address the trade inequities that have plagued the Florida grower for decades.

I also bring remarks of urgency and strong encouragement for immediate action to enact a solution for our producers of seasonal and perishable products. Like Ambassador Lighthizer and the administration, Florida agriculture saw it imperative to renegotiate the
North American Free Trade Agreement. In fact, Florida Farm Bureau was the only state farm bureau to oppose NAFTA in the 1990s because of unfair trade environment it would create and obvious damage it would cause our producer growers.

That damage has been documented over the past couple of years thanks to the work of our industry leaders, experts at our state Department of Agriculture, and the economists at the University of Florida. The data compiled by these institutions is compelling and staggering, which I believe you now have in your possession. For instance, in the past 20 years, the estimated domestic market share for Florida alone has declined by 40 percent among specialty crop categories, whereas Mexico's market share has skyrocketed 217 percent. You heard this figure before. We're down 40 percent, Mexico is up 217 percent.

Furthermore, based on the value of these commodity categories such as strawberries,
blueberries, sweet corn, watermelon, tomatoes, and peppers, Mexican import values have increased 413 percent over that same time period, while Florida's production remained relatively static. And perhaps more shocking is this data is only reflective of the impacts to one state's agriculture sector.

Let me be clear. No longer is this a dilemma confined to one state or one commodity. In addition to story after story from Florida specialty crop producers, you'll likely receive insightful comments from asparagus farmers in Michigan, blueberry growers in Georgia, or onion producers in New York, all experiencing the familiar unfair trade practices that will persist without a remedy. Rest assured, these effects of high volumes and low prices are spreading with fierceness, not unlike the current pandemic that we're also working under today.

As it has, and for the past 25 years, Florida agriculture will continue to experience decline in markets unless the federal officials
choose to respond with a seriousness and resolve
unlike they have ever done before. That
seriousness shows in the good faith commitments
you've made and have lived up to doing this
hearing today. But much more work needs to be
done.

When you do your due diligence and
it's complete and the comments are considered and
the data is analyzed, I hope you will arrive at
the same conclusions that we have. A Section 301
investigation initiated by the USTR is clearly,
clearly warranted. Such an investigation will
back up detailed analysis from the University of
Florida and our Department of Agriculture and
will hopefully deliver timely, durable, and
effective results and address the discriminatory
trade practices at play.

It's abundantly clear that we rest at
a critical juncture here today. As they have in
the past, farm families, some who have openly
considered how much longer they can stay in
business and sustain their livelihoods, will
likely approach the leaders present today and ask, what did you do for fair trade when you had the chance? And I hope we can tell them, as industry leaders and you as federal policy makers, we did absolutely everything within our influence and your authority to advocate on principles of fair trade for the hard working farm families of Florida. Again, on behalf of Florida producers, present and past, I thank you for your time and efforts thus far for our domestic growers and urge your continued partnership towards the best long-term solutions for our industry. Thank you.

CHAIR KIMMITT: Thank you, Mr. Hoblick. And again, we are going to try to get back on schedule, but I think we have time for one question, if you can hear us, from Mr. Cameron Bishop.

MR. HOBLICK: Sure.

MR. BISHOP: Mr. Hoblick thanks for your testimony and thanks for representing your members at this session today. I'm curious if
you can talk a little bit about market conditions
for your specialty crop producers. I'm curious
about the price of production and what price
there is from the market and if you can elaborate
on if any of your producers are taking a loss on
their products.

MR. HOBLICK: Well, I think there's
been a lot of testimony thus far as to the lower
prices that we are experiencing in the
competitive market as far as all those
commodities. And I believe it was mentioned that
taking the base of $5.50 cost per one of these
commodities, that the transportation costs aren't
even close to that being delivered. Yet that's
what the market price is.

Our growers and producers have
constantly been faced with lower prices from
Mexico that have them or forced them to sell
their product at or below cost of production.
And that has happened historically ever since the
inception of NAFTA, quite honestly. So we've
taken a stand that we really need to study these
price structures, making sure that they're fair
across the board, and that we're not allowing a
tremendous amount of volume at lower prices than
our cost of production. Quite simply, our cost
of production needs to be met to stay in
business.

CHAIR KIMMITT: Thank you, Mr. Hoblick. We will now welcome Zhengfui Guan from
the University of Florida for his testimony here
today.

DR. GUAN: Good morning. My name is
Zhengfei Guan, Associate Professor for University
of Florida. Thank you for the opportunity to
testify.

(Audio interference.)

CHAIR KIMMITT: Should I say
something? Good morning, Dr. Guan. I think we
can see you and probably can hear you, if you
want to begin your testimony.

DR. GUAN: Good morning. My name is
Zhengfei Guan, Associate Professor of Food and
Resource Economics at the University of Florida.
Thank you for the opportunity to testify before this committee. I will quickly summarize my findings on Mexican subsidies.

Florida is one of the top suppliers of fresh fruit and vegetables for the United States with market shares falling, while imports from Mexico have grown dramatically. For example, blueberry imports from Mexico increased 30-fold by 2018 compared to the (inaudible). This conventional system that Mexico's competitive advantage through labor is the driving force of the gap.

I was curious whether there was another force behind the change. It turns out that Mexico has been systematically subsidizing the fruit and vegetable industry throughout the supply chain, from production to harvest management, and marketing.

MR. KESSLER: I'm sorry. I'm having a little bit of trouble hearing you. Could you maybe go closer to the microphone? I don't know if anybody else is having trouble hearing you.
MR. MCKINNEY: Thank you, Jeff. Yes, this is Ted. I, too, am having difficulty.

DR. GUAN: I'm sorry. Mexican agriculture subsidies are administered by its Ministry of Agriculture and the National Development Plan, which consists of a number of subsidy programs. Mexico's agriculture subsidy from 2006 to 2016 averaged 59 billing peso, or 4.5 billion per year.

The largest subsidy program was the agriculture immersion program which accounted for about 30 percent of the total subsidy program in 2018. All of the subsequent programs are relevant for fruit and vegetable production. Irrigation technology is the largest of that program. They subsidize it up to 50 percent of the project cost. In 2014, they had a budget of $115 million. The other three sub-programs had a budget of 65 million dollars for fruits and vegetables.

One of the sub-programs is protected agriculture. It subsidizes protective
structures, including shadehouses and
greenhouses, which are critical for export-
oriented production. In 2013, for example, the
maximum amount of subsidy for greenhouses was 3
million pesos per project, and the amount for
shadehouses was 2.4 million per project. In
2019, the amount increased to 4 million pesos or
over $200,000 U.S. for all eligible protective
structures.

Protected production mainly targets
export market. Total subsidies for protected
agriculture alone were over 6 billion pesos
between 2001 and 2016, which is over $500
million. This support from the government, the
acreage of protected agriculture in Mexico
increased 64-fold between 2000 and 2018.

Tomatoes have about 40,000 acres in
the protected structures alone. For comparison,
Florida's total tomato acreage was about 29,000
acres, almost all open field. As a result of
this investment, Mexican protected tomato yield
is four times higher than Florida had.
Fair to say that the protective production has transformed the Mexican fruit and vegetable industry, particularly exports that are in production. Overall, 94 percent of the protected structures in 2018 was used to produce fruits and vegetables and 56 percent was used for four crops. They are tomatoes, strawberries, bell peppers, and blueberries, some of Florida's top ranking specialty crops.

Today's testimony has highlighted major field production issues. There are other types of subsidies that have created different opportunities throughout this: post-harvest management and marketing. In conclusion, Mexico has an expansive subsidy program. Subsidies have produced constant production, restored their market, and have negatively affected the Florida fruit and vegetable industry. Thank you. I'll be more than happy to take questions.

CHAIR KIMMITT: Thank you, Dr. Guan.

Why don't -- USTR took the last turn. Why don't I see if our colleagues at USDA or Commerce have
any questions.

MR. MCKINNEY: Thank you, sir. This is Ted McKinney. Am I coming through at least audio? Good. Again, I presume that your report will be submitted, or is it already online to us? I'm very interested in diving deeper with my team.

DR. GUAN: I submitted the documents, and I think it should be available online.

MR. MCKINNEY: Thank you so much.

CHAIR KIMMITT: Thank you. And again, I have to accelerate slightly to get back on schedule. Thank you for your testimony, Dr. Guan. I would now like to welcome Mr. Mike Joyner from the Florida Fruit & Vegetable Association.

MR. JOYNER: Good morning. It's nice to see all of you gentlemen this morning. I'm Mike Joyner, and I serve as the President of Florida Fruit & Vegetable Association. We represent growers of fruits, vegetables, and agricultural crops in Florida. FFVA is grateful
for the Administration's commitment to take
timely trade action to remedy the unreasonable
Mexican trade practices and policies that are
causing harm to Florida's seasonal and perishable
produce industry.

Florida -- as you've heard so often
this morning, Florida ranks first or second in
the nation in the value of production of many
seasonal and perishable crops, including squash,
blueberries, strawberries, bell peppers, and a
host of others. Our industry is essential in
feeding Americans fresh U.S.-grown produce from
November to late spring. However, our ability to
do so has severely eroded over the last few
decades because of unfair trade practices by
Mexico, which shares our growing seasons.

Mexican produce shipments grew by high
triple digit percentages from 2000 to 2019,
including sizable growth from 2017 to 2019.
Conversely, our industry suffered proportionate
declines during those same periods. You heard
earlier from Dan Sleep, who's with the Department
of Ag and Consumer Services here in Florida, and he discussed the data that shows these harmful growth trends.

You'll later here how this explosive growth and imported Mexican fruits and vegetables is devastating Florida growers and their families. Just last spring, our Florida producers were plowing under crops they couldn't sell because of the shutdown of the food service industry here in Florida. Mexico shipped an additional 1.5 million flats of blueberries into the U.S. from January to April, versus the same period in 2019. Mexico also shipped an additional 2.2 million cartons of bell peppers in that same three-month period, again, while we were plowing under crops.

So how did we get here? We got here because of Mexico's unfair industry subsidies and unfair pricing of fruits and vegetable imports. Mexico's growth in the U.S. produce market over the past two decades has been made possible largely because of its unreasonable prices and
policies.

Every year, the Mexican government has strategically funneled extraordinary levels of support into expanding the volume, diversity, and export competitiveness of their protected agriculture. Within these unfair subsidies, Mexico's produce industry would have not enjoyed the same skyrocketing growth trends that studies have documented.

We remain deeply concerned, too, about Mexican industry's sustained pricing -- or, practice of targeting our eastern markets with prices that are cheaper than their prices in the western markets. Despite our calls to send their products east, this unfair practice has occurred for years and in many crops. The Mexican industry's aim is to set an unfairly low market entry price that forces our growers to meet that price, or abandon the sale.

Today has confirmed that these policies and practices have burdened and restricted U.S. commerce, grossly distorting the
eastern produce market year after year. They systematically eroded our industry's revenues, market share, job numbers, and ultimately our ability to compete.

Florida's fresh produce industry is in crisis. It needs prompt USTR trade relief. Our country hopes to continue to feed Americans domestically grown fruits and vegetables in the fall, winter, and spring. To save Florida's produce industry, we respectfully urge USTR to launch an investigation of Mexican trade practices and policies under Section 301, the Trade Act of 1974, without delay, or launch a trade relief measure that is equally timely, effective, and as lasting as 301.

Let me conclude by reiterating my appreciation and my members' appreciation for your time today and by passing along a quote from one of my growers. When I asked him to summarize the situation, he very simply said, Mike, we're being buried by volume and crushed by price.

Thank you all very much.
CHAIR KIMMITT: Thank you, Mr. Joyner.

I think we do have time for a few questions. I will turn it over to Ambassador Doud.

MR. DOUD: Mike, good to see you.

MR. JOYNER: You too, Ambassador.

Thank you so much.

MR. DOUD: You mentioned targeting producers in the U.S. My quick question is, what products do you see being targeted in your part of the world? What commodities?

MR. JOYNER: Ambassador, thanks for the question. Ambassador, when NAFTA passed, we initially saw tomatoes and bell peppers. That seemed to be the area that was most targeted. Now we're seeing strawberries, blueberries, watermelons, and sweet corn. We're starting to see more and more sweet corn, where prices are just extremely low.

One of the things, though, Ambassador, that the University of Florida -- I know you all -- well, I talk that back. It was Dan Sleep's work. What you'll see in Dan's work is that the
Florida Department of Ag studied 24 different Florida fruits and vegetables and found that 83 percent of them suffered market loss share due to unfair Mexican imports. So Ambassador, again, 24 studied, 83 of them were suffering from lower prices. But the four or five I mentioned are the ones that seem to be the target.

MR. DOUD: Thank you.

CHAIR KIMMITT: I think we have time for one more quick question if Assistant Secretary Kessler might have one.

MR. KESSLER: Thank you. Yes, thank you very much for your testimony. I think my question is, do you attribute -- or, how much of the harm do you attribute to Mexican subsidies versus nonsubsidy-related factors, pricing schemes? Do you have a sense of how much -- how important each of those is in causing the harm that you're describing?

MR. JOYNER: Mr. Assistant Secretary, thanks for the question. We look at things like labor cost. We believe Mexico pays their labor
about ten percent of what we pay ours. There's
the issue of the devaluation of the peso that a
lot of my members talk about fairly frequently.
There's inspection issues.

But the elephant in the room is this
issue of subsidies and these lower prices.
Again, they're, we're seeing -- so as far as a
percentages goes, I don't know. But we really do
feel like the rest of that stuff does not matter
as much if we can't get this subsidy issue and
this unfair pricing fixed.

Yeah, I mean, again, we see so often
-- well, I'll stop with that. We see so often
breakeven points for bell peppers at $16 and yet
it's coming from Mexico at 12 and 13. And again,
breakeven is at 16.

MR. KESSLER: Can I just ask one more
question? Is the problem equally urgent for all
the crops that you described right now, or is
there one or more that where the problem is
particularly urgent?

MR. JOYNER: I would say the urgency
is blueberries, tomatoes, strawberries,
watermelons. You know what? I should have put
bell peppers in the third slot and then finally
sweet corn. But again, it is those five
commodities that seem to be -- that will have a
short life span if we can't get this right. So
again, blueberries, strawberries, bell peppers,
tomatoes, sweet corn, and watermelons.

MR. KESSLER: Thank you.

CHAIR KIMMITT: Thank you, Mike.

Thank you, Mr. Joyner. We'll now welcome Mr.
Sergio Contreras. Apologies. One second.

I apologize. I'm told from our
technical folks here that we're going to take a
short break and hopefully be back on line in just
a minute or two. But we need to take a short
break to correct a technical issue.

(Whereupon, the above-entitled matter
went off the record at 11:36 a.m. and resumed at
11:45 a.m.)

MR. CONTRERAS: -- pursuing trade
distorting policies to benefit one region risk
pitting different regions of the country against each other. If successful, this tactic will result in higher prices for U.S. consumers while reducing availability, selection, and quality in the supermarket aisles for items such as tomatoes, avocados, bell peppers, watermelons, strawberries, and blueberries, just to name a few. Trade is essentially in the effort to lower food cost for American families and increasing availability and variety for consumers.

The seasonality provision within trade law will result in a tit-for-tat trade disputes within U.S. trade partners that would drive up consumer cost while limiting the supply of fresh produce items consumers purchase year round. Consumers from the U.S. currently enjoy the lowest food costs in the world with just 6.4 percent of U.S. income going towards food. U.S. per capita consumption of fresh vegetables stood at 126.8 pounds per year in 1993 before NAFTA. However, in 2016, U.S. per capital consumption of fresh vegetables had reached 145.1
pound per year, a 14 percent increase. However, some fresh fruits and vegetables simply are not available in sufficient volumes from the U.S. In certain months, underscoring the value of U.S. companies sat down and working with farms in Mexico and Canada to produce and export the foods that contribute to healthful eating habits for U.S. consumers.

The BTA strongly opposes any agricultural seasonality provisions or import quotas as it would run counter to the consumer preferences undermining the spirit of the tri-national free trade agreement of the USMCA. Thank you for your leadership. The Border Trade Alliance appreciates the opportunity to provide this testimony for the record. Thank you.

CHAIR KIMMITT: Hi, we are having some issues. I think if you can hear me --

(Simultaneous speaking.)

MR. McKINNEY: It's very informative and appreciate what you've done. I'm sure you view the --
(Simultaneous speaking.)

MR. McKINNEY: -- and problems that have been laid out by some. I'm curious how you view --

(Simultaneous speaking.)

MR. McKINNEY: -- and other problems that have been laid out by speakers prior to you. Do they not affect some of the other constituents you have perhaps in other parts of the U.S. Just comment on that generally, if you would.

MR. CONTRERAS: Thank you, sir, for the question. And yes, I did hear and listen to comments provided earlier today. And speaking just on some comments that have been provided to your office as well as the hearing portal is that for agriculture subsidies in general based on support to producers as a percentage of gross support, we see Mexico had a lower percentage of support, around 9 percent, and the U.S., 10.7 percent from 2017 to 2019.

Of course, the question at issue is the subsidies for produce and whether those
subsidies are trade distorting. Also, based on a University of Arizona study, Mexico has a small amount of non-commodity-specific capital investment assistance programs that assist fruits and vegetables which are comparable to the environmental quality incentive program in the United States.

CHAIR KIMMITT: Thank you, sir. We'll now welcome Mr. Scott Vandervoet from Vandervoet and Associates.

MR. VANDERVOET: Good morning. Thank you for allowing me to participate. Can you see and hear me okay?

CHAIR KIMMITT: We can.

MR. VANDERVOET: Thank you. Thank you, again. As the owner and operator of a business that imports and markets fresh produce from Mexico into the United States, I consider my perspective to be pertinent to the issue addressed in these hearings. Our business was incorporated in Arizona by my father in 1994 with a focus on meeting market expectations for high
quality produce.

We work with growers in nearby Sonora, Mexico. I've been directly involved in the business for a decade. And in that short time, I've witnessed a wide variety of impacts to the fresh produce marketplace within the United States.

Consumers have become accustomed to quality and consistency along with variety within both the produce section of the local supermarket as well as the menus of restaurants ranging from fast food to fine dining. As a marketer, I witness the volatility of markets both day-to-day but also season-to-season. Supply and demand ultimately dictate the marketplace.

But alongside these age old parameters are 21st century realities. Consumers' expectations are met due to the suppliers being able to source product for multiple growing regions. In the case that one area falls short of production forecasts, another region of production is able to fill the void.
During our seasons of importing and marketing fresh produce, I interact multiple times a day with the growers who export their products to our company. I witness firsthand the issues they deal with on a day-to-day basis, whether it'd be in respect to weather conditions, pest management, labor or transportation, among other things. Farmers in Mexico are not alone in facing these issues as they are commonplace in agriculture around the globe.

What I can directly vouch for is the ethic and commitment of the farmers we work with to bring a crop to market. My grower partners are some of the most dedicated, hardworking individuals I've ever met. And not only are they laser-focused on the conditions at their production areas, but also the trends and tendencies of the U.S. consumer, both in the retail and food service sectors.

We adjust seed varieties, growing techniques, pack styles, pack material, and grading to adapt to the trends within the
wholesale marketplace. Consistency of production in terms of quality and condition is the ultimate goal every day. As some of the growers we work with have packed under the same label for decades, years have been dedicated to ensuring that clientele throughout the supply chain recognize the brands and labels as well as the quality and consistency that they represent.

I'm a firm believer that healthy competition benefits all those involved. It makes everyone better and it creates a superior product for the marketplace which the consumer is more likely to purchase again. I'm proud to be the second generation in our business.

Our company is competitive because of our ethic and dedication. When we struggle to find a place in the wholesale or retail market for our items, we step back and analyze why we are not being competitive. We have gone through our fair share of difficult seasons. And each time we struggle in our marketing, we adjust our practices so as to better serve our client base.
It appears to me that the basic premise of these hearings is to work towards restricting imports simply because they have been more successful at meeting consumer demand. Applying trade remedies for seasonal produce has the potential to penalize companies such as mine for the simple reason that I'm meeting the expectations of the market. I do not think it is the role of the government to pick winners or losers. The marketplace should be allowed to function in a way where consumers decide which items are most favorable. That concludes my testimony. Once again, thank you for the time.

CHAIR KIMMITT: Thank you, Mr. Vandervoet, and appreciate your testimony. I think we have time for one question, and I will turn it over to Ambassador Doud.

MR. DOUD: Thank you, sir, and appreciate you being here today for this hearing. Several witnesses today have highlighted that imports of Mexican produce are sold at a lower price in eastern markets in the United States
than they are on the West Coast. Could you
describe the markets in which your company sells
produce and how market conditions and pricing
differ between these different markets and
regions in the U.S.?

MR. VANDERVOET: As an importer and
marketer based in Nogales, Arizona, we focus --
our company focuses our attention on the West
Coast for the most part. We participate in the
spring watermelon season. And I can tell you
that this past spring going into the Memorial Day
holiday where there's quite a bit of demand on
watermelons, we saw higher pricing out of Florida
at that time with very good movement.

In fact, at this moment, the
California crop is being sold at or just slightly
below what we marketed our crop for mostly in the
month of May. I see there being differences at
times. But in general, we aim not to overlap
with our crops. We focus on markets that are
closer to us because with a perishable commodity,
freshness is crucial.
CHAIR KIMMITT: Thank you. Looking at the clock, I think we actually have time for one more question for you, Mr. Vandervoet, if Assistant Secretary Kessler might have one.

MR. KESSLER: Sure. Well, thank you, Mr. Vandervoet, for your testimony. You said and I think we agree that healthy competition is good. I guess the question that we're trying to sort out is whether the competition is healthy or not.

And to that point, I'm curious if you're familiar -- you import Mexican produce -- if you're familiar with any of the subsidy schemes that were described earlier this morning. What's your impression of those? Do they make a real difference in the pricing practices of Mexican exporters?

MR. VANDervoet: As an importer and marketer, I don't get directly involved in the growing or farmer. So I'm not directly aware of the costs of farming, either in Mexico nor the costs of farming in Florida, Georgia, or other
parts of the United States. I can't speak to what level governments provide support, whether it be the Mexican government or in the United States.

The number of 200 million has been thrown out a few times, and I'm interested in seeing some of the details of the breakdown there. I can just tell you that from a marketing perspective, most of the time we compete in a very healthy way. And our pricing is in line and at times higher here in Nogales as a shipping point than other parts of the United States when we overlap.

CHAIR KIMMITT: Thank you, Mr. Vandervoet. We'll now welcome Mr. Skip Hulett from NatureSweet to provide his testimony.

MR. HULETT: Yes, can you hear me?

CHAIR KIMMITT: We can.

MR. HULETT: Okay, great. Well, good morning. I guess soon to be afternoon for you all. Again, my name is Skip Hulett. I'm general counsel with NatureSweet, headquartered here in
San Antonio, Texas. I certainly want to thank
you for allowing me to be here today, and I
certainly look forward to discussing the negative
impacts that additional trade action with respect
to seasonal and perishable products would have on
our company, on innovation and the industry, and
certainly on the U.S. consumer.

NatureSweet is an industry leader. We
produce a one-of-a-kind specialty tomato in
Mexico and in the United States. And we're
responsible for over 36 percent of the specialty
sales in the U.S. And we're the single source
solution for organic and nonorganic greenhouse
grown tomatoes in North America. And our
production techniques, our innovation to develop
new varieties are really driven through
consumers' preference and demand for snacking
tomatoes.

NatureSweet has made significant
investments in production and development in its
specialty tomatoes to respond to the consumer
demand all year round. And these investments in
research and development range from designing a package which allows the freshest tomatoes to stay fresh longer and safer in transport, to greenhouse design, to management models insuring our employees we call associates have the resources to do their best and to produce the best.

We've expanded this model into the United States, making significant investments. And in Arizona, we've invested over 100 million dollars in 250 greenhouse -- acres of greenhouses in Wilcox, Arizona. And especially greenhouse tomatoes are not the problem, and our tomatoes are not part of any import-related problem.

As a result of our considerable investment, our research and development into consumer preferences over the many years, I would say that NatureSweet is largely responsible for the development of a new market for specialty snacking tomatoes. What we grow and what we import are not traditional tomatoes for the food service industry or for bulk purposes. Our
products are different.

They're different from all other
tomatoes. And it's evident when you go into the
supermarkets, into the produce section, our
specialty tomatoes are priced well above the
competition. They visually look different. They
cater to a specialty niche market. And trade
measures will have an unintended negative impact
on innovation.

And recognizing the need for
innovation, NatureSweet has achieved its status
as a market leader without protection of trade
measures. We've grown by producing superior
innovative premium products which consumers love.
And some of our specialty products didn't exist
10 years ago, 20 years ago.

And as a company operating in Mexico
and in the U.S., we are subject to the suspension
agreement to the Department of Commerce on
tomatoes from Mexico. So I think we're in a
unique position to comment on the negative impact
that additional trade measures will have on the
industry. And trade measure restrict market access. You've heard that. You know that. And it certainly should be applied very cautiously and only when there's a true immediate need.

Companies like NatureSweet are true innovators in production techniques and branding, vertical integration direct from the greenhouse to the consumer and product development, marketing. And again, we produce premium high priced specialty tomatoes year round. We don't compete with conventional tomato producers.

Our tomatoes are the highest priced in the market. And what we grow in the U.S., what we grow in Mexico are priced the same. And generally, they are more than three times the price of a regular tomato offering. And the current antidumping suspension agreement has already resulted in limiting innovation and product development given there's a high minimum price point required for tomatoes crossing the border.

Introducing new varieties to
consumers, it takes time. We can't easily do so with current restrictions in place. Further seasonal restrictions would devastate our year round production model. It would further stifle innovation into new production techniques and certainly wouldn't benefit, I think, even the U.S. producers of greenhouse tomatoes.

We don't compete with Florida at our price point. We just don't. But I appreciate you allowing me to share our story, and I'm certainly open to answering any questions you might have.

CHAIR KIMMITT: Thank you, Mr. Hulett. I'll see if Under Secretary McKinney has any questions for you.

MR. MCKINNEY: Yes. Yes, I do. And thanks and appreciate your attention to innovation. We here at USDA, USTR as well are really launching a new innovation strategy that I think is going to be helpful for all of U.S. agricultural food and ag products.

Going back to that, there's got to be
innovation in the southeast just as there is
innovation in the southwest. What is the
difference? What is your magic bullet, your
silver bullet that is working for you that could
or should be working in other parts of the U.S.?
Could you elaborate on that just a little bit?
You touched on it. Take that just about one
level deeper, please.

MR. HULETT: Yeah, I'll try.

Certainly, I think climate has a lot to do with
it. Even though you're in a protected
environment, the climate still has a huge impact.
And the areas in, outside of Guadalajara and the
foothills of the Sierra and in the valley. I
mean, it's just Mother Nature has provided a very
suitable climate for what we do.

We have a more high tech greenhouse
facility that we acquired in Arizona. And we're
spending a lot of money to make it suitable for
what we do. Different challenges, but I think
climate -- if I had to pick one thing, climate is
a big factor.
MR. MCKINNEY: Thank you very much.

CHAIR KIMMITT: Thank you. Assistant Secretary Kessler, do you have any questions for Mr. Hulett?

MR. KESSLER: Yes. First of all, good to speak with you, Mr. Hulett.

MR. HULETT: Good to see you again.

MR. KESSLER: It's been a while, but I hope you're doing well. My question is along the lines of the question I posed to the previous witness. So you're producing in Mexico. Have you come into contact -- are you familiar with these alleged subsidy schemes that were described in previous testimony this morning, subsidies for technology? And what's your company's stance on those?

MR. HULETT: Yeah. I mean, I'm listening to that. And of course, in the back of my mind, I'm thinking maybe I'm not doing a good job. But it's just inconsistent with what I've seen in our operation. I can't speak for others. But again, a lot of what I heard is kind of
surprising to me.

I think certainly -- and one point
that I think the couple folks back mentioned that
there's at least some indication that Mexico has
a less percentage of support than the U.S. I
don't know one way or the other. But I can just
tell you from our experience, not consistent with
our operation.

CHAIR KIMMITT: Thank you, Mr. Hulett.

I appreciate your testimony today. We'll now
welcome Mr. Demetrio Kyriakis from the Nogales
U.S. Custom House Brokers Association.

MR. KYRIAKIS: Hello. Good morning.

Yes, can you see me and hear me?

CHAIR KIMMITT: We can.

MR. KYRIAKIS: Okay. Good morning.

Well, once again, thank you for having me here
today. My name is Demetrio Kyriakis, Chairman of
the Nogales U.S. Custom House Brokers Association
based in Nogales, Arizona. I am also president
of my own company, K&K International Logistics,
LLC based out of Nogales, Arizona, Pharr, Texas,
and Otay Mesa, California.

On behalf of the Nogales U.S. Custom
House Brokers Association, we're presenting this
testimony to communicate our dismay of the claims
that Mexico produce imports are negatively
affecting producers in Georgia and Florida and
that the USTR is considering remedies that would
benefit said producers. Meeting the needs of our
nation's food supply is a complex and dynamic
system that must ensure not just the availability
of food but ensure that products are
competitively priced and that consumers are
purchasing a safe and high quality product.
Mexican producers have been an integral part in
these efforts and an essential component of our
nation's food supply for decades.

As U.S. Custom House Brokers, we are
intimately aware of the origin of products from
Mexico and know that in many cases, the term,
Mexican producer, is not one that is easily
defined. There are a number of U.S. companies
that have invested or entered into joint ventures
with legacy Mexican producers. Thus, in fact, U.S. private sector interests are also being affected by these hearings and the unproven claim that trade-distorting policies may be contributing to unfair pricing in the U.S. market and causing harm to U.S. seasonal and perishable producers in the U.S. commerce.

Our members provide the interface and advocate compliance between the U.S. importer and U.S. Customs and Border Protection. In Nogales alone, we help clear customs for more than 175,000 produce trucks per year, carrying more than 6.5 billion pounds of fresh produce with an estimated value of 3 billion dollars. It is imperative that as USTR conducts this assessment of the claim by Florida and Georgia producers that Mexican imports are resulting in unfair pricing that all impacts, positive or negative, for the entire nation be considered.

As U.S. Custom House Brokers in Nogales, a large percentage of our business is based on processing fresh produce imports.
Should the USTR impose some form of punishment or countervailing measures against Mexican fresh produce imports, it will negatively affect our custom brokerage business.

Measures that result in artificially increasing the price of Mexican product to favor those who originate in Florida and Georgia will not only impact the volume of Mexican imports, but it could also force producers in Mexico to simply stop production or turn to other global markets. China is actively pushing for greater trade opportunities with Mexico, yet it is clear that Mexico and Mexican producers prefer to deal with the United States. The USTR led negotiations with both Canada and Mexico for the United States-Mexico-Canada Agreement.

The USMCA is an agreement that formalizes the partnership with Mexico and Canada and sets for a framework for collaboration and dialogue versus one based on accusations and animosity. We urge that the USTR focus not just on a small number of producers in two states but
rather assess the impacts to the whole nation's food supply and the impacts to U.S. consumers, U.S. investors, and American companies nationwide. The negative impacts and losses in the forms of jobs, investment, and security in our food supply from a perceived remedy for a small number of producers is simply in not the best interest of American companies like ours or in the best interest of our nation as a whole.

Now on a more personal note. As a small business owner, I am a proud supporter of the America First agenda as I believe many other small businesses, business owners across the country are as well. We have custom brokers, freight forwarders, transportation companies, warehouses or distributors which all belong to our same industry. I urge this committee to acknowledge that we are also America First.

We are also American companies paying American taxes providing American jobs to thousands of American families. My personal business has already suffered a 30 percent loss
due to this COVID situation as I'm sure many others did as well or more so. If any of these negative measures are taken, please know that many businesses like mine and many American jobs are at stake. That being said, we stand ready to address any questions you may have, look forward to an outcome that favors our nation collectively and not only a small group of companies. Thank you.

CHAIR KIMMITT: Thank you, Mr. Kyriakis. I will turn it over to Ambassador Doud who I believe has a question.

MR. DOUD: Thank you.

MR. KYRIAKIS: Yes.

MR. DOUD: And thank you for being with us here. You noted in your testimony that Mexican producers would potentially have to stop their production and sending products to Mexico if prices increase. But earlier this morning, we've heard testimony from folks in Florida that say that their production -- they've had to plow under their production and stop production due to
increased imports from Mexico. How do you square this or put this in context? What's your take on all of this?

MR. KYRIAKIS: Well, sir, it's a little bit difficult to explain. And again, I just may reiterate that we're involved mostly in the clearance of customs and the logistics coordination. So we're not directly involved in the marketing or the distribution or the pricing of such.

But what we have seen and what we do see is that produce is a market-driven commodity. And based on the demand and again on the availability and accessibility is what drives the consumers to purchase. So going back to my statement of what we're seeing or what we foresee happening if they're sending out these negative measures taken is that it just won't be feasible for Mexican companies to ship into the USA and might look for other markets which obviously would devastate our industry.

CHAIR KIMMITT: Thank you. Under
Secretary McKinney, do you have any questions?

MR. McKINNEY: Yes, I do. Well,
first, thanks for the business that you run. In
my many, many, many years in the private sector,
I've worked with a number of distributors,
brokers. They go by different names. So thanks
for what you do. That said, the nature of the
business model of a broker is to find the lowest
price. And --

MR. KYRIAKIS: I'm sorry to interrupt
you, sir. We're U.S. custom brokers, not brokers
of produce.

MR. McKINNEY: Okay. I got you.
Well, the question can still stand because you're
a close observer there. In the case -- because
there are brokers that work along the border and
ship these products both ways I might add --

MR. KYRIAKIS: That is correct.

MR. McKINNEY: -- does it still stand
then that if there are these subsidies, if there
were some investigation to uncover whether
subsidies exist, would that not be a good thing
to be truthful, to be understanding, to unveil what is the truth? Because it's a very thorough process and a fair process, I think that Commerce has run when those kinds of things have happened. I'm just curious about your observation from your vantage point.

MR. KYRIAKIS: Oh, yeah. Well, most definitely. And again, I go back to my testimony to the USMCA, and we truly believe that the negotiations already settled in the USMCA covered all those aspects. We trust in that. As U.S. custom brokers, we are the liaisons, if you will, between the U.S. importer, the Mexican shipper, and the U.S. government. So it is crucial to our clients that we ensure that they are abiding by all laws and regulations.

MR. MCKINNEY: Great. Thank you.

MR. KYRIAKIS: You're very much welcome.

Thank you for having me.

CHAIR KIMMITT: Thank you, sir. And we'll now welcome Mr. George Tudor from the
Good afternoon. My name is George Tudor, and I'm a table grape grower and member of the Desert Grape Growers League. The league is an association of table grape growers and pack-and-ship owners located in Coachella Valley, California. On behalf of the league's membership, I thank the United States Trade Representative and the Departments of Commerce and Agriculture for convening this virtual hearing.

Table grapes have the distinction of being the only seasonal and perishable crop to file the dumping petition and then being denied relief by the U.S. International Trade Commission. Even though the Department of Commerce's preliminary determination -- as high as 114 percent, the ITC's lack of injury
determination was caused by the statutory
definition of industry. In short, ITC is
required by statute to consider the entire U.S.
table grape industry even though the remaining
table grape geographical region was not harvested
and marketed during the period of dumping.

California is home to 99 percent of
commercial table grape operations within the U.S.
and most of the unfair trade competition
occurring within the U.S. market is heavily
impacting Coachella Valley table grape growers.

Mexican table grapes compete directly against
Coachella Valley table grapes at the beginning of
the U.S. marketing period which is May through
July. The volume of Mexican table grapes in the
U.S. grew by a whopping 421 percent between 1994
and 2019.

Unsurprisingly, production from
Coachella Valley during the same marketing period
is estimated to have fallen by 62 percent from
1994 to 2019. During this period, Mexican table
grape acreage in Sonora grew by 235 percent while
Coachella acreage fell by 62 percent. In the 2019 marketing season, Mexico exported 26.2 million boxes of table grapes to the U.S., nearly a 50 percent increase from its exports in the previous year.

We commissioned an economic injury study and the evidence demonstrated injury, that the statutory industry requirement prevented a second antidumping petition. Similar to what some of the other witnesses will or have described, much of the growth in Mexico's seasonal and perishable industry is attributed to the Mexican government's trade distorting subsidy programs. Our full comment details trade distorting child labor and wage practices as well.

Most of Mexico's support programs have been administered by SAGARPA and SADER. These subsidy programs have provided agricultural producers with substantial capital to develop new table grape plantings. Mexican government support has also contributed toward the
development of post-harvest management, the use
of genetic resources, the operation of strategic
projects, and other types of infrastructure and
equipment related to Mexico's specialty crop
industry.

All major table grape producing
countries export to the nearest foreign market.
However, Mexico has one foreign market, the
United States. Ninety-eight percent of Mexico's
table grapes are exported to the U.S. It is not
only destroying the Coachella table grape
industry but is also adversely impacting Mexican
grape growers and is now encroaching on the San
Joaquin Valley table grape industry.

While the concentration on the U.S.
market may not be an official Mexican government
marketing policy, past government marketing
promotion assistance focused on the U.S. market.
Foreign growers, exporters, and governments
understand they can dump their S&P crops into the
U.S. with impunity because, quite frankly, the
current U.S. unfair trade laws permit such
practices against S&P crops. A solution could have been arranged in the USMCA but Mexican exporters and certain U.S. interests opposed.

A remedy for the S&P crops can be found in the current support programs for program crops. These support programs have been vetted and endorsed by Congress and previous administrations. Broadly, the U.S. farm programs provide support if the crops price is below a reference price.

Importantly, the programs do not interfere with global trade. Similar to the grain Price Loss Coverage program, the S&P crop will receive compensation from the CCC based on a reference price. The big difference between grains and S&P crops is the ability for grains to be stored whereas S&P crops cannot be stored.

Another successful program is crop insurance. With the support of the federal government, S&P crops could have a program that would activate when imports cause low market prices. Our proposals will not in any way
prohibit imports nor should it encourage the
government of Mexico to retaliate or disrupt
supply to the market. Additionally, we support
H.R. 101 with amendments.

In closing, California table grape
growers are amongst the U.S. farmers being harmed
by imported S&P crops that are subsidized and
dumped. But the information shared in these
original hearings has the potential to create
meaningful solutions for not only our table grape
growers, but other specialty crop producers as
well. The league appreciates this opportunity to
appear today and requests that our comments be
carefully considered. Thank you.

CHAIR KIMMITT: Thank you, Mr. Tudor.
I think we have time for one question. Assistant
Secretary Kessler has one.

MR. KESSLER: Yes. Thank you very
much for your testimony, Mr. Tudor. And I
appreciate your comments about the injury
requirements, and I understand that you're
supporting potential changes to the injury
requirements to make trade remedies more accessible for producers of seasonal and perishable products. My question to you is, can you specify what type of relief you're seeking? Are you asking for duties on imports? Are you asking for something else?

MR. TUDOR: Well, we'd prefer that the S&P program that USTR submitted to WTO in 2006 or H.R. 101, the Defending Domestic Produce Production Act, those are our preferences. But without these programs, we recommend these other programs that have been vetted by the government and do not give reason to apply tariffs. They just simply determine a reference price. And if it's below that price, then the government issues the change per box to the grower -- the difference per box to the grower.

CHAIR KIMMITT: Thank you, Mr. Tudor. Appreciate your testimony today. We'll now welcome our last witness of this Session 2, Mr. Kent Stenderup from Delano Growers Grape Products Cooperative.
MR. STENDERUP: Good morning, or
should I say good afternoon? Mr. Ambassador and
members of the panel, thank you for holding this
hearing. My name is Kent Stenderup, and I'm the
managing partner of Stenderup Ag Partners, a
family-owned farm in Arvin, California.

I'm here today as the Director of the
Delano Growers Grape Products Cooperative,
organized in 1940. This is our 80th year. We
are the major producer of white grape juice
concentrate in the United States. White grape
juice concentrate is used as a natural sweetener
and ingredient in a number of processed food and
juice products.

More than 25 percent of our market is
for kosher products and a significant portion
goes into products through school lunch programs
and feeding programs. Unfortunately, Delano is
one of the few remaining producers in the United
States due to the unfairly traded product coming
from Argentina. So we're going to go south of
the equator here.
Processing grapes in a juice concentrate provides an important economic stabilizer for the California grape industry. In addition to providing a market for dedicated use grapes, it also absorbs a supply of other grapes. It provides a positive return to growers.

In 2019, landed costs for duties of Argentinian grape juice concentrate averaged approximately 2 dollars per gallon below U.S. product. That represents a 25 percent discount. Further, imports from Argentina or a similar discount to the East Coast landed costs of products from Spain which is the other major global producer and exporter. Such a discrepancy would not occur without Argentina's market distorting intervention into the country's grape market.

Argentina has a mandatory quota for the diversion of wine grapes into the production of grape juice concentrate. That juice concentrate is being dumped on the export market. The OECD, Organisation for Economic Co-operation
and Development, has described this policy as a way to regulate the total production of wine and to support the prices of wine and wine grapes.

In doing so, it subsidizes the overproduction of juice concentrate for which there is little domestic market in Argentina and so it's dumped in the export market. It's been going on since 1994. But the situation is getting worse. Measured as a percent of wine production, grape juice production grew from 23 percent in 2017 to 30 percent in 2018 and 42 percent last year.

The quota for grapes diverted to juice production was set at nearly 30 percent of total grape production in 2019. According to USDA, that is up from 18 percent as recently as 2014. Exports of -- grape juice concentrate to the United States increased 60 percent, 60 percent over the first 11 months of 2019 according to U.S. Commerce Department data.

This policy scheme artificially discounts the cost of producing white grape juice
concentrate which is diverted into export and
undermines the market for this globally traded
product. Although the program differs in its
application, this quota system has the same
economic trade exports as Argentina's
differential export tax system has on the exports
of biodiesel. As you well know, the U.S. imposed
countervailing duties on Argentine biodiesel.

Additionally, Mr. Ambassador, in 2019,
the Province of Mendoza implemented a self-
described multi-year market stabilization plan
known as the anticyclical wine fund, FAB, which
adds a financial subsidy to juice concentrate
production. The Province of Mendoza counts for
more than two-thirds of the grape production in
Argentina. This leads U.S. producers to further
undercut the U.S. market.

Today, there's a duty on imports of
grape juice concentrate from Argentina of 66
cents per gallon. But that is a specific duty
that has been in place for 25 years or more and
does not take place with inflation adjusted U.S.
and global market prices. This is not an ad valorem tariff which is levied on a percentage of sales price and would better reflect the construct that's been in place since 1994.

In the late 1990s, U.S. production of white grape juice concentrate was 30 million gallons domestically. Currently, it is less than 10 million gallons, largely due to unfairly traded imports from Argentina. Argentina must be held accountable for its manipulation of the export market and its subsidies and dumping must be stopped through trade remedies provided under U.S. trade law. Thank you again for this opportunity to testify.

CHAIR KIMMITT: Thank you, Mr. Stenderup. I think we have time for a few question. I'll turn it over to Ambassador Doud.

MR. DOUD: Thank you, sir. Some very, very interesting testimony here. Talk if you would for a moment about how this is affecting the profitability of your operation. In the last few years, what's happened and what do you see
going forward?

MR. STENDERUP: Well, they're manipulating their supply in subsidizing and supporting the wine side of it. So they come here and they dump it, and they're bringing it in landed whether it's East Coast or West Coast at a price that we can't even beat as far as our production side of it. This impacts whether it's table grapes, wine grapes themselves if it's the right type of variety, and also the raisin grape.

And as you know, the wine industry in particularly California is in trouble and having a tough time right now. This impacts the grapes from Coachella to Napa literally. Did I answer your question, Ambassador?

MR. DOUD: Yes. Thank you.

CHAIR KIMMITT: Under Secretary McKinney, do you have a question for Mr. Stenderup?

MR. MCKINNEY: I do. First, that was very interesting. And so thanks for being here and airing your thoughts. We've heard some
different ranges of options that would fix the problem. We heard a number of them, notably a 301 investigation from our friends in Florida. And to the person just on, we heard of some possible adjustments in what I'll call farm programs or U.S. government programs. What would best address your issue? What's the best scratch that takes care of your itch? If you dial that in just a bit more.

MR. STENDERUP: Well, that's almost like a softball. Thank you for throwing that one at me. I have a solution. We can get this done by sundown if you guys want to, and it can be done.

So go back to an ad valorem tax, a percentage using the base. This is during the Clinton Administration. Nobody can complain about that. Go back to the -- it's basically 17 percent of the market value back in 1994 is what they based it on.

And so we apply 17 percent today of what the market price is. So that was 4 dollars
back then. The market price today would be 8
dollars and then using the same percentage that
was instigated in 1994. Is that simple enough,
or is that too simple that it won't work?

MR. MCKINNEY: Short and sweet. I'm
not sure we'll deliver on that today, but
appreciate the succinctness. Thank you.

CHAIR KIMMITT: And I think we have
time for one last question from Assistant
Secretary Kessler if he has one.

MR. KESSLER: Sure. Well, thank you
very much for your testimony. You presented some
very interesting information about foreign
subsidy practices and unfair trade practices.
Can you expand a little bit on the effect that
you believe those subsidies have had on your
company and the U.S. industry as a whole, the
U.S. grape industry? Do you see the U.S.
industry as being in an injured state?

MR. STENDERUP: Yes, I do. I believe
the wine industry has been injured by it and also
by other commodities that may or may not make a
concentrate, whether it's apple or pear. Now we
had the benefit with our white grape juice
concentrate. We're colorless and flavorless.
That can't be said for apple and pear.

But they're also -- so it's somewhat
of a different ingredient. They would be
impacted -- they're impacted by I think it's --
whether it's Chinese apple or Chinese pear, but
that's a different discussion. It's just talking
about concentrate in general.

So there's a certain level -- group of
apples or pears that go into the concentrate
business. They're not -- obviously not the best
ones, number two maybe or something. And that's
basically what we're doing. Just some of it's
what we're doing with grapes also, the table
grape side of it. So is that close?

CHAIR KIMMITT: Great. Thank you, Mr.
Stenderup. I appreciate your testimony. This
concludes our second session of the day. We will
now break for lunch and we'll reconvene at 1:00
o'clock.
(Whereupon, the above-entitled matter went off the record at 12:31 p.m. and resumed at 1:03 p.m.)

CHAIR KIMMITT: Hi. Welcome back, everyone. The USTR is still dealing with some technical issues. It's the same thing that happened this morning. The program we're using, BlueJeans, is going to effectively reset and it's going to kick everybody who's currently watching -- participating and watching from home off the system. And then we're going to restart it which would hopefully solve the issue for the rest of the day.

But unfortunately, it will kick everyone off and there will be a new link to rejoin, available on USTR's website. And so you'll probably get kicked off sometime in the next five to ten minutes and then we will restart with testimony at around 1:15. Thank you again for your patience.

(Whereupon, the above-entitled matter went off the record at 1:04 p.m. and resumed at
1:19 p.m.)

CHAIR KIMMITT: We are back, everyone.

Apologies for the technical delays. Appreciate
you bearing with us.

We will now begin Session 3 of today's
hearing. Obviously, we are a little behind
schedule.

I will try to get us back on track a
little bit but will do my best to make sure
everybody gets their fair amount of time.

With that, I would like to welcome our
first witness of Session 3, Mr. Jerome Crosby, on
behalf of the Georgia Blueberry Commodity
Commission.

MR. CROSBY: Thank you, gentlemen, for
the opportunity to (audio interference) today on
a matter of profound importance.

Hello? Are we live?

CHAIR KIMMITT: Yes, we are (audio
interference) live, sir.

MR. CROSBY: (Audio interference)
holding the hearing and giving us an opportunity
Today, I am speaking to you not only as a farmer but as the chairman of the board of the Blueberry Commodity Commission and a board member of the Georgia Fruit & Vegetable Growers Association.

Since 2005, our farm has grown both highbush and rabbiteye blueberries, and our harvest window is from late March through July the 4th on an annual basis, and we harvest both fresh and frozen blueberries with hand labor and mechanical harvesters.

For several years, we tried to grow produce such as squash and pepper varieties but we just couldn't compete against the imports and had to give it up.

My apologies for being blunt today, but everyone involved in this hearing had to know that excluding fresh fruit and vegetables from some type of seasonal protection in the USMCA agreement would be detrimental to the economy of Georgia blueberries and other fresh products
grown in our state, and there is a reason why the
Mexican negotiators called the U.S. proposal to
provide seasonal protection a, quote, deal killer
and they were willing to walk away from the
table.

As you've heard in previous testimony,
Mexican farmers and the Mexican government had
invested heavily in subsidized blueberry
operations in Mexico and they knew that those
farms would begin to reach peak production in the
last few years and, in particular, in 2020.

I am not certain how -- where we were
as U.S. negotiators of the impact that was coming
to the Georgia blueberry growers.

And as you are also probably aware, on
July the 22nd, when you announced that these
hearings would be virtual, there was a meeting of
the Mexican government delegation and they issued
a threatening statement saying that any action by
the U.S. government to correct this unfair trade
issue would be deemed an underhanded practice by
them.
As you can imagine, this statement is ridiculous and it's offensive to Georgia blueberry growers. We actually built the market that these imports are now targeting.

And we have been telling Washington about Mexico's unfair trading practices for several years. We raised it when the USMCA negotiations began and we proposed a solution to the issue.

Our solution was to give us access to the trade laws. We did not ask for a guarantee that we would win any anti-dumping case or that we would win a countervailing duty case.

We asked for the ability to file a case, not a nominal ability but an actual ability to file a case, and now Mexico is suggesting that we do not have -- should not have access to these trade laws.

Due to the time constraints, I can't read my full written statement. I understand you gentleman have a copy of it, and I beg of you to read it.
It contains some important information, some good data. Three key points that I would like to make to you is, number one, Mexican imports increased 68 percent in one year. From 2019 to 2020, Mexican imports grew by 17 million pounds in the Georgia window alone in a 14-week period.

At the same time, Georgia lost 25 percent of its market. We went down 10 million pounds in sales from 2019 to 2020, and during that same 2019-2020 period, one year, the price Georgia growers received for the fruit that we were able to sell dropped between 24 and 48 percent year over year across that 14-week period.

During the final phases of the USMCA negotiations, the Georgia farmers agreed to withdraw our adamant opposition to the USMCA in return for your promise to work to protect us from damages with imports.

Unfortunately, those damages have already arrived and are continuing to grow, and
let me be clear. We need an immediate and
resolute response from USTR to save our blueberry
industry in Georgia.

The USTR's plan should be clear and
should consist of specific actions the U.S.
government will take and I hope that the USTR is
giving serious thought to the original ideas we
first presented to Ambassador Lighthizer when
USMCA negotiations began.

Small-farm commodities need help
identifying when and how to bring trade cases to
defend our interests. As a whole, the U.S. fruit
and vegetable sector consists mostly of small
farmers who grow a various array of different
commodities, and it is hard for us -- it's harder
for us than other farm sectors to build and
maintain a permanent industry infrastructure that
monitors what other governments are doing in so
many different commodities and defend ourselves,
and this is something that we feel the federal
government, especially our trade policymakers at
USTR, could help us do better.
We need your help in identifying when a dumping or countervailing investigation should be considered. Larger industries have teams of lawyers and economists to help them make those decisions. Small fruit and vegetable farmers don't. We have you, and we need you to step in and help us.

With that in mind, I am asking you to consider putting together a task force under the existing trade enforcement offices at USTR to help our industry and those like us get justice from our own trade laws and, again, I would encourage you to read my full written statement in detail for some additional information.

Thank you for your time today.

CHAIR KIMMITT: Thank you, Mr. Crosby. I appreciate your testimony.

I think, to get back on schedule, we will have time for one question and I'll turn it over to Assistant Secretary Kessler if he has one.

MR. KESSLER: Okay. Thank you very
much. Thank you, Mr. Crosby, for that testimony.

You know, I think -- I would just

invite you, if you would, to expand on the
damage, the injury, that you are describing for
Georgia blueberry farmers.

You know, I know that in your written
testimony you have information about prices and
volumes. Are there any other metrics or any
other information you can provide to illustrate
the harm that you and other blueberry growers are
experiencing?

MR. CROSBY: Well, the three charts
that I included in my written statement do
provide a -- I think, about a several-year trend
of what has happened with volume movement and
pricing.

There is a significant, documented
increase of Mexican imports based on USDA data.
There is a documented decrease in price based on
USDA data.

Personally, on my farm, without
providing specific details, I can just tell you
exactly that over the last three years in particular, we are seeing year over year price decreases earlier in the season and we are seeing pushback on demand as the most -- the most damning evidence that I gave you is that in a 14-week period from 2019 to 2020 you see Georgia lose 10 million pounds of sales while Mexican imports increased 19 million pounds of sales at a reduced price.

We are also competing with labor that in Mexico is about one-tenth the cost of what it is here under United States laws with H-2A programs that mandate what I have to pay harvesters in the field.

MR. KESSLER: Thank you.

CHAIR KIMMITT: Thank you, Mr. Crosby.

I appreciate your testimony.

We will now welcome Ms. Brittany Lee from the Florida Blueberry Growers Association.

MS. LEE: Hi. Good afternoon, and thank you for giving me the opportunity to speak with you all today.
My name is Brittany Lee and I am the executive director of the Florida Blueberry Growers Association, an organization that represents the hardworking blueberry growers throughout the state that are dedicated to growing fresh, high-quality blueberries for our consumers.

I appreciate the opportunity to address how our industry has been affected by Mexico's unfair trade practices for years, even more significantly in the last several years.

I am a blueberry grower myself, so this issue directly hurts my family farm just as it does the other 920 farms that grow blueberries in the state of Florida.

Florida is a cornerstone of domestic blueberry production. We are the first state to produce blueberries every year, harvesting between March and May, and our Florida blueberry growers are dedicated to growing a sustainable and ethically-sourced superfood for our consumers.
With a significant impact on Florida's economy, our farms employ over 2500 full time jobs every year and we generate an economic impact of over $925 million. I am sorry, $295 million.

The massive amounts of Mexican blueberries surging into the U.S. every spring are crippling the southeast domestic blueberry industry.

Florida blueberry growers and growers of other seasonal produce have never had a mechanism to combat Mexico's unfair trade practices.

We remain vulnerable and we remain unprotected. Mexico's U.S. market share continues to increase dramatically and we continue to suffer.

Recent massive and heavily subsidized plantings in Mexico continue to threaten the livelihood of our Florida producers.

From 2009 to 2019, Mexico's U.S. market share of blueberries increased by 2,111
percent. By contrast, Florida's market has
decreased over the last several years.

The culprit is one. It is Mexico's
millions of dollars in government subsidies that
create artificially low prices for its produce.

To exacerbate the situation, from
January to April of this year, while Florida
blueberry farms were taking sales loss from the
U.S. food service shut down, caused to the --
because of the coronavirus pandemic, Mexico
shipped an additional 1.5 million flats of
blueberries into the U.S., increasing their U.S.
market share by 64 percent in that period.

Florida blueberry growers continue to
experience undue hardship as a result of Mexico's
unfair trading practices.

My family farm is well on its way to
becoming a casualty of this and eventually it
will be the reason that my family business and
others are forced out of commercial production.

Most of us have worked our entire
lives to provide a legacy for our family and
build a business that can be passed from
generation to generation.

However, the current climate where
Mexican blueberries are being sold significantly
below the price that it costs to grow, pick, and
pack our blueberries here in Florida is
absolutely crippling our Florida blueberry farms.

It is crippling my family farm, and we
are unable to sustain our businesses.

Our industry supports free trade. But
it has to be fair. Our growers simply want an
even playing field and an opportunity to continue
our family operations, to remain in production
agriculture, invigorate the economy, and to
provide a safe healthy superfood for our
consumers.

On behalf of the blueberry industry,
we respectfully urge USTR to initiate a fair and
reasonable solution that will protect the Florida
blueberry industry before Mexico completely
pushes us out during our limited market window.

Thank you very much.
CHAIR KIMMITT: Thank you, Ms. Lee.

I think -- I think we have time for
one or two questions and I will turn it over to
Ambassador Doud.

MR. DOUD: Brittany, good to see you.

Thank you.

MS. LEE: Yes, sir. How are you?

MR. DOUD: Good, and thank you for
your testimony here today.

I am particularly interested in your
comment about the government of Mexico and its
millions of dollars in subsidies to its
producers. Do you have a documentation of this
and how those programs operate in Mexico?

MS. LEE: I do, and I believe it was
-- I believe it was uploaded by the previous
presenter. It was an overview of the Mexican
blueberry industry by Feng Wu and Zhengfui Guan
by the University of Florida. I believe it's
been uploaded into the exhibit registry.

MR. DOUD: Okay. So it's the same --
you're referring to the same stuff. Got it.
Okay. Thank you.

MS. LEE: Yes. Yeah.

CHAIR KIMMITT: I think we have time for one more question, if Under Secretary McKinney has one.

MR. MCKINNEY: Let me go off mute.

Well, first, thank you very much and I want you to know that I have enjoyed not only the one, but two, conversations.

It may have been with your colleague from Georgia but as we work at the FAS to find new markets, and I think just by chance you may have heard and read that just in the last five months we have found new access to three new countries and I think we have already begun connecting blueberry growers with potential buyers there.

I know we missed the season here, but it's the course of how things go in other countries. So please know that.

I wanted just to hear from you, many of your colleagues have been advocating for a 301
investigation.

                   Is that where you are or are there
other mechanisms, other tools that you would see
as remedy for this? Can you elaborate?

    MS. LEE: Yes, sir. I believe that a
301 is the most appropriate remedy at this time.
I understand that at one point if that's
initiated and somewhere down the road a 201 is
suggested for blueberries specifically we would
love to explore that at that juncture.

    But I think right now we agree with
our industry partners and the rest of agriculture
in Florida, and 301 is the most prudent solution
for us.

    MR. McKINNEY: Okay. Thank you.

    MS. LEE: Thank you, sir.

    CHAIR KIMMITT: Thank you, Ms. Lee.

    We will now welcome Mr. Michael Hill
from H&A Farms.

    MR. HILL: Thank you all for the
opportunity to be here talking with you today.
I'll be -- I'll be quick.
My name is Michael Hill with H&A Farms. We are a grower and packer of fresh blueberries located in central Florida.

I am a fourth generation grower, something that our family is tremendously proud of. I have two young children who dream of one day working on our family farm, and based upon the current state of Florida agriculture, I am advising my children not to follow the path of our family history.

Our market prices have continued to fall year after year due the direct impact of increased volume pouring into our market by the imported blueberries.

When my family and I started growing blueberries 10 years ago, Mexico was importing less than 1 million pounds annually. Mexico is now shipping over 100 million pounds annually in which the timing falls directly into our domestic blueberry season.

Based on our research and market knowledge, they will be producing and shipping
around 200 million pounds to the U.S. market within the next three to five years.

Their government has subsidized the input of infrastructure on their farms including the installation of irrigation, wells, and protective planting such as hoop houses, just to name a few.

Their production costs are far less than ours, including drastically reduced labor costs, which is one-twelfth of our share in Florida.

Florida's fresh blueberry labor costs account for 70 percent of our total cost to grow, harvest, and pack our product.

The fundamental reason why specialty crop production is highly susceptible to import pressures and different -- and commodity crops is because specialty crops are immensely labor intensive.

Commodity crops within the U.S. are harvested almost solely using machinery. Therefore, when our main import competition is
growing the same crop, selling in the same market window, with the help of their government through infrastructure, in addition to having drastically reduced labor costs comparatively, we are no longer a sustainable industry within our own country.

The situation we find ourselves in with our import counterparts is not at a level playing field and the main reason why the future of our domestic produce supply is in jeopardy.

Farming is vital to our success as a country, both economically and socially. I am on the front lines of this battle day in and day out and I can tell you first hand that we are losing the war.

I support free trade. However, the topic of this conversation rests solely on fair trade. Farmers are very humble, silent, and stubborn by nature and we rarely voice our concerns.

If import pressures for specialty crops in Florida continue to rise, we will soon
be completely reliant upon other countries like Mexico for our food supply and our great state of Florida will lose one of its most cherished, historic, and invaluable industries, agriculture.

So that was my testimony that you all received, and so I am talking to you as a grower. We have -- we have money in the field day in and day out.

A hundred percent of our income rests on the crops that we grow, and when I talk to you, I am talking to you on account of 920 other of our Florida farms.

California is also being affected by this on their blueberry front. They are in the market window that Mexico is producing as well. Georgia is being affected. North Carolina is being affected.

There is eight major regions in our -- in the U.S. that -- or states that are producing blueberries and only one of them is not affected by imports.

As I said, Mexico, we believe, will be
increasing by 30 percent year over year within
the next three to five years, and if that
happens, there's just not enough demand to handle
that kind of supply.

From a real day-to-day, you know, you
-- I think, Secretary Kessler, you had asked Mr.
Crosby how it's affecting us day to day, and to
give you an example, when I look at our cash flow
projections when we go, I take a minimum of 15
percent price decrease every year until I can see
something different.

I've been down to Mexico. I have seen
how much they are planting. And when I came back
I've never been as scared as I was when I came
back two years ago from spending two weeks down
there.

This is a real deal. There's farmers
every day that are -- that are just stopping,
giving up, because they see the train coming down
the tracks and you either get run over or you get
off.

So I think that's five minutes for me.
If you have any questions, I'd love to answer them.

MR. DOUD: Mr. Hill, thank you for your testimony and I think you just answered a big chunk of my question. I was wondering about your 200 million pound estimate and where it came from.

I think you indicated some of that is you've been to Mexico and seen it. Is that 200 million pounds just Mexico or is it other countries as well?

MR. HILL: No, that's just -- that's just Mexico. They are, roughly, at about 100 million now. Like I said, over 10 years they were less than 1 million. They are going to be at around 200 million.

There's other countries that are increasing at the same rates. Peru is one that's going to be -- you know, they are already at 200. They've gone from zero to 200 million in six years. I think they are going to be at 350 million within the next two to four. So it's
a big front.

CHAIR KIMMITT: I think we have time for one more question. Perhaps if Assistant Secretary Kessler has any follow-up.

MR. KESSLER: Sure. Well, thank you for your testimony, and you did anticipate some of my questions there.

But I guess I would invite you to expand a bit more on the harm that either your company in particular or other companies are suffering.

You know, you mentioned that companies are exiting the business. I don't know if you're seeing the size of the workforce shrink overall, either at your farm or across the industry.

I don't know if you have data on profitability, for example, or ability to make new investments.

I'd be interested in any of that, and I think, you know, your testimony also raised a question in my mind as to whether you believe that blueberry growers in other states, other
regions, support the same type of action from the administration that you're asking for. So I'd like your comments on that as well, too.

Thank you very much, sir.

MR. HILL: Yeah, absolutely.

Yeah. So when we started growing the prices were about twice -- this was 10 years ago -- about twice as what they have been now.

So and just about every other industry, you see everything on the shelves at Walmart or Amazon or however you want to do it, everything is normally increasing in price because we have inflation, and our prices have continued to fall.

We have never seen a year where the prices go up and that is solely -- and the demand of blueberries has increased but the supply has been over about 7 percent more than demand every single year.

So we have seen, roughly, a 10 to 15 percent fall year after year in pricing. So whenever you're in a trend like that -- and then,
for example, on the ballot coming up in Florida is a $15 an hour minimum wage to go into effect.

If that happens, we use H-2A, which is an increase over $15 an hour because we have to pay to bring them in. We have to pay to house them. We have to pay to feed them. We have to pay to bus them.

You are now looking at an increased labor cost of around 25 percent overnight right there, coupled with the fact that you're having decreased pricing and then the costs of fertilizer is increasing.

The cost of land is increasing. All the costs around us are increasing. Our prices are decreasing. So profitability 100 percent has taken a hit, and most growers are operating at losses.

And so we are being -- the most simple way to put it is we are literally being pushed out, and the biggest thing is is we can provide the demand needed that the U.S. wants. We can provide it.
We just -- at the trend that we are seeing why would we invest in it? Because, you know, we are being pushed out and it's just -- we can't operate on these -- on these numbers.

So and we can provide a safe product as well. Our food safety that we do here in the U.S. is far superior than anywhere else and I will say that -- you know, I will hang my hat on that.

We invest time and time again in the safety of our food and we have the top measures that we put into place in our facilities, into our fields, which comes at an increased cost, you know. But we are making sure we are doing that to keep the product safe.

But, anyways, I know I expanded a little bit more there. But, hopefully, I answered your question.

MR. KESSLER: Yes, thank you.

CHAIR KIMMITT: I apologize. We at USTR are having a little bit of issue hearing you. But I think you were able to finish your
answer and I appreciate your testimony here
today, Mr. Hill.

We will now turn to and welcome Mr. Kenneth Parker from the Florida Strawberry
Growers Association.

MR. PARKER: Good afternoon, Mr. Ambassador, Mr. McKinney, Mr. Secretary. Good to see you all.

I am Kenneth Parker. I am the executive director of the Florida Strawberry Growers Association. FSGA represents the vast majority of strawberry growers in Florida, the largest domestic region for winter production of fresh market strawberries.

Family farms dominate the Florida strawberry industry with continuous production in our region for over 130 years.

FSGA appreciates the opportunity to offer testimony regarding the trade-distorting policies that have been affecting Florida strawberry growers and other seasonal and perishable producers in the United States.
As such, the information and economic data on the record highlight the magnitude of the headwinds Florida strawberry growers have been facing.

I, therefore, respectfully ask USTR to launch a Section 301 investigation and redress these concerns.

Strawberries from central Mexico share the same growing season as Florida strawberries. As a result of the unfair trade advantages documented by Dr. Guan at the University of Florida and the Florida Department of Agriculture, fresh strawberry imports from Mexico have increased 417 percent between the years 2000 and 2019 and, while Florida's strawberry growers lost 36 percent in market share in that same time frame, Mexico increased 264 percent in market share.

These dramatic increases of imported strawberries from Mexico present a clear and present danger to the sustainability of the Florida industry, placing at peril family farms
in production for generations and the ability to provide domestically produced winter strawberries for our nation at large.

The unprecedented growth of the Mexican strawberry industry has been enabled to a great degree by significant subsidy support from the Mexican government and other unfair trading practices.

These support programs have helped Mexican producers become the dominant U.S. supplier of produce and are progressively pushing growers out of business.

As a result of the unfair trade practices, the value of U.S. imports of Mexican strawberries increased by over 1600 percent compared to Florida's 67 percent increase.

Lower cost of production and other incentives enabled by massive government subsidies have catapulted Mexican fruit and vegetable production at a disproportionately accelerated pace that would not have been possible under normal market conditions.
Enormous infusions of capital and other Mexican government benefits through the various subsidy schemes have been injurious to Florida producers.

As Mexico's unfairly traded shipments have entered the U.S. market unabated in the last several years, Florida producers of strawberries and similar crops have had no trade tools to redress unfair trade practices.

This has been the case, even though TPA laws have demanded the U.S. government to fix the problem.

We thank Ambassador Lighthizer for committing in the January 9, 2020 letter to launch a trade case that will redress this problem on a timely and effective basis.

At the end of the day, without that action, the economic livelihood of Florida strawberry growers and their communities will remain in jeopardy.

In conclusion, as our sector and so many other produce sectors in Florida have made
clear, because unfairly-traded imported
strawberries from Mexico threaten the
sustainability of the winter strawberry
production in our nation, we need this trade case
as a matter of urgency.

FSGA is committed to continuing to
coordinate with the administration to make that
happen. You have listened to expert testimonies
and looked at graphic data points that clearly
paint a vivid picture on your mind of how
targeted subsidized imports have negatively
impacted Florida growers.

However, no one knows, understands, or
feels the pain better than the farmers
themselves. Let me leave you with this
reoccurring quote.

We are not looking for a handout, just
a fair chance in the fight.

Thank you.

CHAIR KIMMITT: Thank you, Mr. Parker.

Under Secretary McKinney, do you have
a question for Mr. Parker?
MR. McKINNEY: Yes. I don't want to blow by what you've said because many have said it and I've taken the notes, and so get that -- check that box with ink.

I want to talk about the purchasers of your product. I have to think that there's a number of retailers in the U.S. that would be buying and many of them are very proud of their U.S. ties, you know, and so forth.

Is there any play that we should all be thinking about? And I am saying this because we have the trade promotion types of programs.

Are there any efforts that we should be undertaking in the trade promotion area that could differentiate U.S. strawberries from Mexico? Or is that just folly? Is that just not worthwhile? Any commentary?

MR. PARKER: Thank you for the question, and yes, sir. You know, there are several programs including the Fresh From Florida movement and Buy Local. All of those things seem to resonate well with many consumers.
But at the end of the day, even though we have -- there are many tremendous partners at the retail level that have remained very loyal to Florida during our season, at the end of the day when you look at the size of the country and the footprint in which we ship product to, it's a supply and demand issue.

By and large, many of the -- many of the brokers are -- not the brokers, but many of the buyers that we do business with, you know, they are being bombarded by prices coming out of central Mexico in our time frame and it's holding our prices down.

MR. McKINNEY: Yeah.

MR. PARKER: Supply and demand is going to rule the day. Even though we do have successful programs -- Buy Local and Fresh From Florida -- you know, we are on the southeastern peninsula -- well, we are in central Florida but in the southeastern part of the country, we are still the most locally produced strawberries in the winter months to two-thirds of the population
of the United States.

So yes, that does resonate well and we will continue to push that message, and if you all want to tweet that out, we would be happy for you all to do so also.

MR. MCKINNEY: Well, thanks.

And, again, I want to make sure you understand I did get your core message. I didn't mean to blow by it. I just had not heard any discussion about downstream marketing. So thank you for taking that up.

MR. PARKER: Thank you.

CHAIR KIMMITT: Assistant Secretary Kessler, do you have any questions for Mr. Parker?

MR. KESSLER: Yes. Thank you, Mr. Parker, for your testimony. I'd like to know -- I am going to pose a question similar to one that I posed earlier to another witness.

I'd like to know exactly what kind of relief you're requesting. Do you want to see duties put in place? Do you want to see
reference prices or something else?

And I'd also like to know your view of whether those types of measures would be supported by strawberry growers across the nation and, if not, why not?

MR. PARKER: Well, thank you, Mr. -- Assistant Secretary Kessler.

I can't speak for strawberries grown in other parts of the country. Basically, during the winter you have the Florida window and there is some production in southern California.

A 301 would allow the federal government to investigate and then take actions based on those findings. Tariff-rate quotas could make sense. I am not a big fan of reference pricing, although maybe a combination of tariff-rate quotas and reference pricing.

To me, the problem with reference pricing is that if you establish a reference price that's profitable for Florida growers, you have really guaranteed the Mexican growers a tremendous profitable price and so they can get
loans from banks based on that business model all day long.

I mean, so I think we have to be careful with reference pricing, although it could be a component of escalating tariffs based on volume tariff-rate quotas.

And unless there is other laws that would allow us to have standing, which I am not familiar -- I am not aware of, you know, 201 would not work for us.

The 301 seems to be the only path forward for our industry and many other commodities in Florida.

CHAIR KIMMITT: Thank you.

MR. PARKER: Mr. Kessler, anything short of somehow controlling the amount of volume is going to fall short of what we need.

MR. KESSLER: Okay. Thank you, sir.

CHAIR KIMMITT: Thank you, Mr. Parker.

We will now welcome Mr. John Sizemore, representing Sizemore Farms.

MR. SIZEMORE: Good afternoon.
Committee, I sincerely appreciate the opportunity to speak before you.

My name is John Sizemore, a fourth-generation Florida strawberry grower. My family has spent 95 years in the Florida strawberry industry, with each generation working to preserve their livelihood, pass on this way of life to the next.

Our family farm has stayed afloat through foreign wars and economic depressions, adapting to meet the challenges of the day, and continuing to provide fresh fruit for Americans during the winter season.

Generations that came before me kept farming through the Great Depression and World War II. But I fear the ongoing allowance of unfair Mexican trade practices will be too much for sustainment.

Without relief, I believe the losses sustained as a result of Mexico's ascension in the U.S. market will be catastrophic to our farms, ending our family's farming legacy with
In my 33 years of operating our farm, the greatest challenge has been increased Mexican competition in the winter months. We simply can't compete with Mexico's unfair trade-distorting practices.

Their predatory pricing strategy, surging volumes, and elaborate subsidy programs have had a devastating impact on Florida strawberry producers.

The data presented by the University of Florida and our Department of Agriculture prove that Florida producers like myself are the casualties of this growth in Mexican imports.

While our farm has managed to survive consecutive seasons of the depressed prices, many of my friends have not.

Our local industry has dwindled over the past 20 years with only one-half of the number of growers surviving the devastating impact of Mexican dominance.

This is under NAFTA and USMCA does not
correct. If you do not address this issue now, multi-generational farms will continue to go out of business.

As you're aware, specialty crops receive no government subsidy. We are not looking for a handout, just a fair chance in the fight.

I feel the best arbiter of any industry is a free and fair market. I humbly ask the Office of the U.S. Trade Representative to investigate and remedy the unfair advantages Mexican producers enjoy.

We no longer have the luxury of time to continue taking no action if we want to save our U.S.-grown supply of fruits and vegetables during our seasons.

If there is one thing the ongoing COVID-19 pandemic has highlighted it is the need for domestic control of critical industries.

There is no denying that food security is national security, for the farmer feeds us all.
Thank you.

CHAIR KIMMITT: Thank you, Mr. Sizemore. I believe Ambassador Doud has a question for you.

MR. DOUD: John, good to see you.

MR. SIZEMORE: Yes, sir. Good to see you, Ambassador.

MR. DOUD: So you mentioned predatory pricing practices on the part of Mexico. Can you elaborate on that for us?

MR. SIZEMORE: Yes, sir. Thank you for the question. One thing that comes to mind, Ambassador Doud, is that it is my understanding and -- that the data presented by our economists show that Mexican crossings of strawberries coming through the eastern U.S., which is typically our market, and the western U.S. are often as much as $2 cheaper coming east and that was my reference for predatory pricing.

MR. DOUD: So who's eating that $2, John?

MR. SIZEMORE: I am sorry. Who's
MR. DOUD: Yeah.

MR. SIZEMORE: Well, I think every --

MR. DOUD: Who's absorbing that $2?

MR. SIZEMORE: I think every producer

in the market loses that $2. I think Florida

producers in particular lose that.

MR. DOUD: So on the -- on the Mexican

side, who is -- are they -- is the government

assuming that $2? Is the Mexican producer

assuming that $2? Who is taking that on?

MR. SIZEMORE: The sales organization.

Whoever sold the product is marketing it at $2

less in an eastern market than they are in a

western U.S. market --

MR. DOUD: Okay.

MR. SIZEMORE: -- is my opinion.

MR. DOUD: Thank you. Good to see

you.

CHAIR KIMMITT: Thank you, Mr.

Sizemore.

We will now welcome Ms. Hilda Castillo
of Castillo Family Farms.

MS. CASTILLO: Good afternoon.

My name is Hilda Castillo of Castillo Farms Food Corporation in Plant City, Florida. My husband and I moved here in 1989 from Mexico and worked full time for a strawberry grower while farming two acres of strawberries of our own.

We are the first generation of farmers and our children is the second generation and farming with us today with our family with all our siblings working together for the farm.

We have grown from two acres to five, then seven acres, and then with steered away my brother in 2007. My husband and I work full time for a better opportunity for our kids, grandkids, and their families.

It is my hope that my kids and future generations will have the opportunity to continue to farm and do an ever better job than we have done.

We face grave challenges with Mexican
imports of strawberries, even through there in Plant City. We plant many fruit here in Florida. Food from Mexico is on the shelf during our season.

There are times when we are throwing food on the ground. Here in Florida, dealers profit. If we had the protection of fairer trade opportunities, we could sell the food. The strawberry plants have to stay cleaner so we have to keep picking every -- we keeping -- we have to keep picking everything. We lose money to Mexican imports.

My children always say the farming was too much work when they are young -- they are younger. We work seven days a week and only take one week off every year. They always want to play with their friends but miss out times due to the farming.

Today, my sons love farming and do everything from planting to harvesting and working around the farm. When they were young, they would come and work after school to help run
They have grown to love and appreciate the hard work that goes into farming. I tell my kids that when we do something right, we take hard work. We have to do for better opportunities and be the best farmers we can be, and we only be able to moving forward with a trade remedy.

Aside from strawberries, we grow vegetables to survive, but strawberries are the main crop. We use the same plastic and row system for our vegetables. We have to sit down and cut costs to carry us over another strawberry season. The vegetable window is so short it's not viable for us to only grow vegetables.

In the future, if strawberries continue to be imported from Mexico at such great volume, we will be out of the strawberry industry.

We need the protection while we are harvesting, labor supply and regulations. Some of my employees have been with us for over 14
years. But labor shortage continues to be an issue.

The continuing labor shortage -- the expense of the labor continues to grow and regulations are made and overlap. Finally becoming increasing expenses and making ordinary profit earn less and less. It's hard to profit when we are fighting against imported food, an issue that has to be resolved through a trade remedy.

In 2010, Secretary Vilsack from USDA visited our farm and he asked us what is the plan for the future. I told him I wasn't certain but maybe someday we can have a cooler -- a cooling facility along with the farm. It's better opportunities in today's market.

We will have more control over the returns to the farm and lower costs. Some weeks we may be harvesting for only $2 a flat after we pay sales commission included. We never know what happened and we often continue to harvest and get nothing in return.
We grow conventional strawberries and 40 acres in organic strawberries. We work very hard to provide good food and vegetables for every family table in the USA.

A goal for my family is to one day have a sales team and a crew. One of my sons is receiving his degree in marketing and there could be an opportunity for him. We have achieved the American dream.

When I come here from Mexico I was 17 years old where we did not have this opportunity. I fear that between the cost of the labor regulation pressures but mostly imports from Mexico, our American dream will not be viable for future generations.

Thank you.

CHAIR KIMMITT: Thank you, Ms. Castillo.

I think we have time for one or two questions.

Assistant Secretary Kessler, do you have any questions for Ms. Castillo?
MR. KESSLER: Yes. Thank you very much, Ms. Castillo, for sharing your story and your family's story.

I'd like to ask a question about the last statement that you just made. You referenced three factors that imperil the survival of your farm: cost of labor, regulatory pressures, and imported produce from Mexico.

Could you elaborate on each of those three factors, what they are and how they are affecting you?

[Translating for Ms. Castillo.]

PARTICIPANT: She says if you can minimize the -- they say if you can minimize what's coming in from Mexico, it would help them have bigger profit here. When it comes down to labor, regulatory pressures, there is more -- there is more costs.

It's bringing up costs because more regulations are coming up -- new regulations, which increase costs here. The profit increases -- or the costs are going up.
They could regulate less. The new regulations increase costs. It will be a big -- and when, you know, like, less from Mexico and sell more from the U.S. then we wouldn't have to throw it on the ground. We would have enough product here.

MR. KESSLER: Thank you.

CHAIR KIMMITT: Thank you, both, and thank you, Ms. Castillo.

MR. KESSLER: Thank you.

CHAIR KIMMITT: We will now welcome Mr. Joel Connell from Grimes Farms.

MR. CONNELL: Good afternoon. I'd like to thank you for the opportunity to speak and for your attention to this matter.

My name is Joel Connell. I am a strawberry grower in Plant City, Florida. Like a lot of these guys before me, I am not a third, fourth generation farmer.

Not raised in the farming industry, but I've farmed since I got out of school. I went to work for Mr. Grimes as a farm manager and
I still currently manage some of his farms.

We grow around 750 acres of strawberries during the winter season and about 400 to 500 acres of watermelons in the spring.

It has always been my dream since I was a kid to have a farm of my own, something that I could pass on to my four children, something they could be proud of.

Ten years ago, I received that opportunity. Over the past 10 years, Mr. Grimes and I have been partners and I began to see my dreams come true.

However, each year seems to be more difficult with unfair trade practices and loss of market share due to Mexican fruit production.

During the past three seasons, strawberry prices have gotten so low that it's been cheaper for us to strip the fruit from the plants, throw it on the ground, rather than pack it for fresh market.

We discarded millions of pounds of fruit that had no defect other than there is no place for them in the market.
The sole reason behind this decision is a major loss in market share from Mexican production. Our current situation is not sustainable.

Without immediate attention to these unfair trade practices, many family farms like my own will cease to exist.

It's no secret that Mexican fruit production has been subsidized for years by their government, thus creating an uneven playing field.

Unless something is done to create fair trade, the future of the Florida strawberry industry is very bleak. Basically, we are in a battle with an opponent who have an unfair advantage and you are our first line of defense.

All we are asking is that you level that playing field. That's the end of my prepared statement. I'll be glad to answer any questions you have.

CHAIR KIMMITT: Thank you very much, Mr. Connell.
I'll turn it over to Under Secretary McKinney if he has any follow-up questions.

MR. McKINNEY: Yes, and I don't mean to be a stuck record here but I understand the situation. I just want to make sure I understand from your standpoint what you believe the remedy or remedies would be.

We have heard from different people from across the U.S. We have heard 301 several times. We have heard from another person some creative marketing schemes -- you know, farm program kinds of things.

In your view, what is the resolution to assist you and your family in the operation there?

MR. CONNELL: Well, I appreciate your question. I am not a trade expert. I am not an attorney. I am just a farmer. But it would be my understanding that the next course of action would be the 301 investigation.

See where that leads us. Try to level this playing field out so that they don't have
such an advantage over us.

MR. McKinney: Thank you. Thank you.

Chair Kimmitt: Thank you, Mr. Connell, and thank you for your testimony.

We will now welcome Mr. Dustin Grooms of Fancy Farms, Incorporated.

Mr. Grooms: Good afternoon. My name is Dustin Grooms. I am a fourth-generation Florida farmer. I've been farming with my father since I was a kid. I took over our farm a few years ago when my dad retired.

Before farming, I was a motor transportation specialist, a paratrooper, and a United States Army drill sergeant.

My dad started Fancy Farms in 1974. It's my hope to continue passing on our family farm to our future generations as one day I will pass it on to my daughter.

We truly are a multigenerational farm. Besides my immediate family, my aunts, uncles, cousins, and all in between have worked on our farm.
We formally farm 235 acres but we are down to 125 today, strawberries in Plant City, Florida. We have also grown peppers, squash, pickles, okra, peas, eggplants, you name it.

I am asking for your help today in our fight against imported produce. Mexican imports have crippled our strawberry prices in Florida as well as other crops.

This issue has continued for far too long without a solution. The seriousness of the seasonality issue has been recognized by Congress and the U.S. government dating back to 2002 Trade Promotion Authority legislation, which instructed the U.S. government to fix the problem.

The same instruction was repeated in 2015 TPA law and every administration over the past two decades has acknowledged the pressing need to get a solution in place.

Yet, nearly 20 years later, farms are still left defenseless against unfair Mexican trade practices. At our farm, we harvest the bulk of our crop below the production cost.
This has forced many farms out of business, left them owing a lot of money. The banks are hesitant to lend money for farming anymore because of this reason. Our farm has also felt the backlash of those effects.

We have actually had to sell off land to pay bills to have enough money for the subsequent year, hanging on to hope that we would survive another season with the ending of NAFTA to make a difference.

Gentlemen, we are running out of land and time to keep moving forward. The future of Florida agriculture is at a pivotal point in time. We need change to be able to continue our legacy of farming from one generation to another. We can grow all kind of food here in Florida if we are given the chance. But with the Mexican imports looming over us, I am afraid the future of Florida's agriculture fate might be destined for failure.

Likewise, when the Mexican shippers are allowed to engage every year in pricing
schemes designed to price our Florida produce out of the eastern markets, Florida growers will inevitably be forced out of business.

The day the imports take over, I guarantee you they will inflate the prices so high you won't even be able to afford it.

Ambassador, today we need your help to be part of the solution for Florida agriculture. Could be a great story 30 years from now to tell the grandkids about how you helped influence a sustainable future for Florida agriculture.

We have a sense of urgency. This administration needs to institute a trade action this year that we can stop and reverse the effects of the unfair Mexican trade practices. The fate of many Florida farms, including mine, is in your hands.

God bless.

MR. DOUD: Well, Dustin, from one Kansas farm kid to a Florida farm kid, thank you for that testimony.

You've alluded to this but I want to
maybe go back and have you speak on one point
that's interesting to me.

You talked about cutting acres,
cutting costs, cutting, cutting. What has that
done to your efficiency of your operation by
doing that? I don't want to ask a leading
question here but I am assuming your efficiency
hasn't improved amid all of that either.

Is that a fair thing to say?

MR. GROOMS: Negative. We are just as
efficient as we ever were, probably if not
better. It's just the facts that the Mexican
imports are coming in, they are taking shelf
space, and we are not allowed to get that market
and that's what's -- that's what's killing the
deal right there, period.

MR. DOUD: Thank you.

CHAIR KIMMITT: Thank you.

Under Secretary McKinney, do you have
any questions for Mr. Grooms?

MR. MCKINNEY: Well, most of this is
about trade with Mexico. That's my area. But I
am just curious if there are other things that USDA might consider doing to help you out. I'll just leave it open ended in that regard.

MR. GROOMS: Yes, sir. Thank you for the question. And it goes back to what all the other growers are saying. At this time, I think we need to move forward to 301 and start there, and see where it leads to and see what happens and we can build upon that and get to a solution.

MR. McKINNEY: Thanks very much.

CHAIR KIMMITT: Thank you, Mr. Grooms.

We have one final witness in this session. We welcome now Mr. Gene McAvoy from the University of Florida.

MR. McAVOY: Thank you. I appreciate the opportunity to speak to you this afternoon.

I am Gene McAvoy and for the past 23 years I've been working with the University of Florida Institute of Food and Agricultural Sciences as a regional specialized vegetable extension agent working with commercial growers in southwest Florida around Immokalee area, and I
have witnessed firsthand the impact of unfair Mexican competition to the local vegetable industry.

When I first started working in this area in 1997, we had nearly 300 medium-sized vegetable farmers in southwest Florida and most of these were independent family farmers that produced winter vegetables on a commercial basis and they were able to make a successful living, supporting their families, sending their kids to college.

Now in 2020, we have fewer than 80 farmers left with most of the small and medium-sized growers having been pushed out of business by the dumping of Mexican produce below cost, resulting in unfair competition.

And should these practices be allowed to continue, it's very difficult to see how many of the remaining farms will be able to continue to survive.

And here in Florida, agriculture is our number-two economic engine of our economy and...
especially here in the heartland.

If you get away from the coastal areas, the tourism areas, agriculture is what drives our economies, and when farmers make money the local economy makes money.

They buy trucks. They buy services. And it's harming not only the growers themselves but it's harming the local economies here in the heartland area.

Our growers support free trade, as others have mentioned, but it must be fair trade. We need relief measures now. Otherwise, the devastation to the Florida industry that we have experienced over the past two decades under NAFTA and now USMCA will continue to grow worse.

To put it simply, we can't compete with a country that uses unfair trade-distorting practices like Mexico has for the past 20 years. Our years of continuing losses have put our specialty crop industry survival at risk.

Mexico employs predatory pricing strategies, surging volumes, and subsidy programs
to aid their growers in all aspects of
production: infrastructure for protected
agriculture, equipment, post-harvest management,
genetic resources, irrigation technology, and
more.

And all of these have made Mexico
emerge as the largest exporter of fruits and
vegetables to the U.S. winter market during
Florida's prime winter growing season.

Again, our producers have been
casualties of this growth and year after year,
Florida production has fallen in inverse
proportion to increases in Mexico in volume.

Economic data by my colleague, Dr.
Guan, paints a very stark picture. The first
casualty was tomatoes in 2000. Fresh tomato
production in Florida -- since 2000, fresh tomato
production has exhibited a steady decline. We
were at 39 million pounds. Florida was equal to
Mexico.

Now Florida has fallen to -- from
39,000 acres in 2000 to about 27,000 acres now.
And we have seen this repeat itself consistently as producers in Mexico have targeted additional specialty crops.

As I mentioned, tomatoes were the first casualty. They have achieved some relief with the suspension agreement. But Mexico has, again, targeted other crops. We have seen peppers, squash, watermelons.

As others have testified, strawberries, blueberries and more. Some of my growers have moved to organic production to try to carve out a niche and now we are seeing increased competition from Mexico in the organic market.

Again, I just don't see how we are going to survive in the future unless we have a viable, effective solution and some sort of trade remedy to address these unfair trading practices.

If you look at the cost of production on crops, we see crops coming in at $5 a carton for tomatoes and, you know, $7 a carton for peppers, and it's far below our production cost.
And it's difficult to see how even Mexico can produce these crops at that price when a tractor in Mexico costs the same price. Chemicals in Mexico cost the same price.

The only advantage they really have is labor, and, you know, it's hard to see how it's just not plain and simple dumping on our market, which is depressing our growers' ability to stay in business.

And with that, I'll conclude my testimony.

CHAIR KIMMITT: Thank you, Mr. McAvoy.

I'll turn it over to Assistant Secretary Kessler if he has any follow-up.

MR. KESSLER: Thank you. I thank you for your testimony, sir.

I've got sort of a basic factual question. You know, you -- I know that you work with commercial vegetable growers in Florida and we have heard in other testimony that there are, for example, strawberry producers that also grow commercial vegetables.
To what extent is there overlap between growers of vegetables and growers of the other -- these nonperishable products that we have been discussing this morning, blueberries and strawberries and tomatoes and so on.

MR. McAVOY: Okay. In my area of southwest Florida there is very little crossover. In central Florida, it is more suited to strawberry and blueberry production because they have cooler winters. There is some crossover.

But in my area, vegetable farmers are primarily 100 percent vegetable farmers and they grow a variety of vegetables. But they are vegetable farmers.

MR. KESSLER: Okay. And their toughest competition, as you say, is from low-priced Mexican imports, correct?

MR. McAVOY: Yes, sir. That's correct.

MR. KESSLER: Thank you.

MR. McAVOY: You're welcome.

CHAIR KIMMITT: Thank you. Thank you,
Mr. McAvoy, for your testimony and thank you for everybody who participated in this session.

This concludes Session 3 of our hearing today. We will now take a short break and reconvene at 2:40 p.m.

Thank you, everyone.

(Whereupon, the above-entitled matter went off the record at 2:25 p.m. and resumed at 2:42 p.m.)

CHAIR KIMMITT: Welcome back, everyone. We'll now begin the last of our four sessions of the day. And we will begin with Mr. Mark Greef representing Driscoll's Incorporated.

MR. GREEF: Thank you very much. Good afternoon and thank you for the opportunity to share my testimony today.

I am the vice president and general manager of the eastern region of Driscoll's, which includes Florida and Georgia. I'm a resident of Florida.

I've been engaged with the Georgia and Florida berry industries for over two decades.
now. Driscoll's works with independent growers
to supply the delightful berries to consumers.

The winter berries for U.S. consumers,
we have growers in both Mexico and in Florida.
For the rest of the year we rely on growers in
California, other U.S. states and Canada.

Driscoll's has operated in the Florida
strawberry industry for over 30 years.
Driscoll's has filed extensive written comments
on both strawberries and blueberries.

I will briefly summarize them.
Driscoll's is committed for the long-term, in the
continuation and in the growth of the berry
production in the southeast.

At the same time, the growth of the
berry production in the southeast. At the same
time, we also see continued growth in Mexican
production.

The berry industry is not a zero sum
gain. In which gains in one area means losses
elsewhere. Instead, U.S. consumers' demand for
berries has increased significantly over the past
25 years. Consumers want berries, and they want them year-round.

The consistency and sustained improvement of flavor and overall quality are critical to maintaining this momentum. Any evaluation of the growth and imports from Mexico has to be understood within the context of the produce industry's move to year-round supply.

Simply looking at the increase in exports from Mexico ignores the changes in consumption patterns, patents and the production that then follows those changes.

Twenty years ago, for example, there were no blueberries in Mexico and few in the southeast. Production in both places has (audio interference). Not because of governmental trade policies but because of market signals.

Geographic diversity of supply aids and supports the growth of demand and consumption. During a year where Florida and Georgia have experienced late winter or early spring freezes that limit the crop potential, the
supply from other areas, such as Mexico, aid in maintaining retail shelf space and continue consumption of berries throughout that period.

Over the past five years market (audio interference) that average prices for Florida and Mexico's strawberries were comparable. As each production area toggled up or down, depending on the market or weather condition.

For blueberries over the past four years, the wide variations of overall pounds per fruit grown producing areas within the U.S. have impacted pricing obtained.

We see the role of advancements or innovation in cultivar development, farming and harvest systems, critical going forward. And we have directly invested in this in Florida.

These advances will aid in optimizing productivity, operational and production efficiencies, risk mitigation and long-term profitability.

As an example, Mexico strawberry growers have invested in hoops and tunnels in
order to reduce the risk that weather brings with
rain, et cetera. The Florida berry has been very
slow to embrace such opportunities to date.

At Driscoll's we're optimistic about
the future of berry production in Mexico and in
the southeast and U.S. This concludes my
testimony. Thank you.

CHAIR KIMMITT: Thank you, Mr. Greef,
I appreciate your testimony. I'll now turn it
over to Ambassador Doud for a follow-up question.

MR. DOUD: Yes, Mark, thank you for
your testimony here today. I think you're a
great person to ask this question.

I get the impression from you that
everything is fine in Florida. We've heard all
day that things are not fine in Florida.

So how has Driscoll's been able to
avoid the problems that everybody else is having?

MR. GREEF: So we have been in the
progress of cultivar development and advancement
production systems. We've shifted the focus of
the timing of production. And also drastically
enhanced the productivity of our fields in order
to basically produce more fruit with the same
amount of resource.

Likewise, if you look at strawberries,
we're very focused on looking at things such as
moving production out of the soil into substrate
systems where we're actually getting out of soil
fumigation and things like that. Increasing
productivity, reducing weather risk and actually
able to drastically reduce harvest costs by
taking that approach.

You know, there is significantly more
supply in berries globally now. And it is not a
secret that globally growing berries is more
competitive. Far more competitive at least.

But we can't settle for doing the same
things we did 15 to 20 years ago. We need to
progress. We need to advance.

And we can't expect consumers to
accept the same fruit quality and flavor that we
provided them ten or 15 years ago. We're now
competing against grapes, apples and also salad
products for flavorful items that people are
going to pay good money for and take home.

CHAIR KIMMITT: Thank you. Thank you.

Under Secretary McKinney, do you have a question
for Mr. Greef?

MR. MCKINNEY: Yes, I think I'm coming
through here. Mark, thanks very much for coming
and sharing those thoughts with us.

I'm betting that whereas you lead the
east or the southeast, I can't remember what you
said there, I bet you got a counterpart that
leads the southwest or the west.

MR. GREEF: Yes, sir.

MR. MCKINNEY: Is there a targeting,
in your view, of the eastern or southeastern
producer versus the southwest or the western
producer?

Because I have heard that a couple
three times today, that there is a deliberate
focus on undermining the southeastern producer.
In the scope of your company, what do you see,
what do you observe?
MR. GREEF: So, I do not observe that. I think that that is realized because there's earlier production from the southeast, especially when we're looking at blueberries, versus the west.

And so, you see the Mexican product in place. And hear about it from retailers in the marketplace.

You know, whereas California and places like that generally start their production cycles a bit later. Outside of Oxnard strawberries.

But I am not, I have not seen a specific focus on moving product to the east coast. I feel that as in, similar to what our strategy is, we actually try to move more Mexican product to the western side because there are trade, there are limitations because of pest issues in the southeast and so on are being able to move blueberries to the west coast. To California and so on.

It's very restricted, so I would
rather put blueberries from Mexico into the west
and half to the U.S. when I have eastern,
southeastern supply. And that's what we look at.

I will say thought, for pricing
strategies, we look at a single focus pricing
strategy across the country. Not affected by
retailers who choose to (audio interference) one
place or the other, they're facing one certain
kind of advantage. Freight advantage or similar.

But if you look at the Mexican market
as well, per say, you know, a lot of the Mexican
retail market is the same players. It's the U.S.
retailers that operate in both countries.

And so, even that pricing, if we sell
fruit from Mexican in Mexico, there isn't a
difference in their pricing strategy for us. So
I don't see this focus on southeastern producers
that is being perceived.

MR. MCKINNEY: Thank you.

CHAIR KIMMITT: Thank you, Mr. Greef.

We'll now welcome Mr. Dan Balbas of Reiter
Affiliated Companies.
MR. BALBAS: Hi, thank you. Thank you. Well, we're one of the growers for Driscoll so I think our perspective might be interesting and I'd like to share it.

Reiter Affiliated is a multi-berry producer growing Driscoll's proprietary varieties of strawberries, raspberries, blueberries and blackberries. We grow them year-round.

We grow them in the U.S., Canada, Mexico, as well as Portugal, Morocco, Germany and Peru. We are family owned and have operated the company that way since the turn of the last century.

We've been in Florida since 1990. Focused on winter production of strawberries for some time. And we have continued to perform favorably there against Mexican imports.

And we think a lot of that is just being simply closer to the market, the east coast market, as a key factor with something as perishable as a strawberry. We also focus heavily on quality to differentiate ourselves
from our competitors.

One thing about it though is we do rely on guest workers from Mexico under the H-2A program. So that's something that is a challenge for us and that we have additional cost burden over Mexico, with the H-2A program and some of the additional costs that are contained in that program.

We have been, we did our first blueberry trial, we grow really two berries, strawberries and blueberries in Florida. In 2001, and have been producing ever since.

For us, Florida was a very viable alternative to Southern California due to cost structure. But like everybody else, we have seen significant price erosion.

And year-over-year, as volumes have increased, the business has gotten tougher. It's not an impossible business still for us.

And we're focusing on two things. The first one is, replacing outdated genetics to dramatically increase our yield and going to
more intensive systems.

But the big thing is harvest. That's the biggest area where Mexico has an advantage over our domestic production.

While our blueberry harvest and packaging costs generally exceed $1 a pound, Mexico costs much lower. This is driven by the fact that again, most of our harvesters are contracted from Mexico where we have to transport, house them, pay them an adverse wage, et cetera. And that's under the H-2A program. Which is an additional employer cost.

Secondly, and probably most importantly, is the large wage disparity between the two countries.

What we really seek to do is increase our harvest efficiencies through further mechanization, higher yields. But the reality is, it's getting tougher.

We do still have a business. And our yields and our cost of growing the crop is roughly the same as Mexico.
And when we get high yields we can actually out-compete Mexico on growing costs. But putting that fruit in the box is where we lose our competitive advantage.

So really, I would urge our representatives, to support advancement and innovation, particularly on the automation of harvest, on mechanization and seek to streamline the H-2A program. We are fully committed to staying in Florida.

I mean, for our shareholders, our growers and our employees, as well as the American consumer. And we think we can remain viable.

But we're not going to ignore that there is challenges competing on harvest costs and we seek to compete. That concludes my testimony.

CHAIR KIMMITT: Thank you, Mr. Balbas. Assistant Secretary Kessler, do you have any follow-up questions?

MR. KESSLER: Sure. Thank you very
much, Mr. Balbas. Sir, I'm trying to understand your perspective a little bit more. You're describing some of the same headwinds in the competitive environment that we've heard other witnesses contest to in Florida.

You're not requesting the same type of 301 investigation or trade remedy as other witnesses. Is that because your business is globally diversified and you're able to kind of shift production? What should we make of that?

MR. BALBAS: Well, I think what you should make of it is, I have no responsibility in Mexico but I have some, there is some transparency there.

And it seems to me that if we're going to have free trade then the fact that they can harvest cheaper is going to have some impact. And so we have to overcome that through efficiency gains, providing a better product, that sort of thing.

We still have a viable business in Florida. That's one key takeaway. But
essentially, the differences are, really come
down to harvest cost.

As we're closer to the market, that
evaporates some of that difference, but not all
of it. And so we have to get more efficient on
everything else we do. And we're committed to
doing that and have been doing that over the last
several years.

MR. KESSLER: If I may just ask one
more question. So we've heard a little bit this
morning about some Mexican government programs
related to irrigation technology, intensive
production, agricultural covers and other types
of Mexican government programs that support the
farming industry there.

Have you come into contact with those
and do they affect your business at all?

MR. BALBAS: You know, I'm not as
aware as I would like to be. In light of what
the situation is.

I have heard third hand, which is
pretty dangerous, that there's a lot of subsidies
in glasshouse production, for example. But I do have some transparency and I do see their growing costs and they're very similar, if not a little higher than ours in Florida.

It's the harvest cost that kills us because when you get to a low price point, they can harvest and make the margin and we can't. So really we need to focus, in my perspective, on harvesting efficiently.

But really it's, our pinpoints are competing in the labor arena. For, I think, obvious reasons.

MR. KESSLER: Okay, thank you, sir.

MR. BALBAS: Thank you.

CHAIR KIMMITT: Thank you. Thank you, Mr. Balbas, for your testimony today. We'll now welcome our next witness, Mr. Paul Allen on behalf of R.C. Hatton Farms.

MR. ALLEN: First I would like to say, thank you for the opportunity. And I also want to thank all of you as leaders for all that you do for our country. Very grateful for what you
So I'm Paul Allen, I'm president of R.C. Hatton Farms in Belle Glade, Florida. We're a multi-generational family and we grow sweet corn and green beans, cabbage and sugar cane. And we've been farming since 1948. And that's something we're very proud of. We started farming in southeast Georgia in 2003. Another hat that I wear, which I humbly serve as the chair of the board of directors of the Florida Fruit and Vegetable Association, which represents all fruit and vegetable growers in the State of Florida. Yes, I just want to say my statements are going to be really brief because I think it's extremely, extremely important that you remember what I have to say today. So I want to address the unfair trade practices. Maybe from a little different perspective from what you've been hearing all day. Let's take a look at it from a
historical perspective and the impact of what it means to depend on other countries for food.

Florida feeds 79 million people east of the Mississippi with fresh produce for seven months out of the year. Because it's too cold in other parts of the country in the north. From the time of November to May for production.

So, in regards to this I have three important points that I want you to remember and not forget, please. Our leaders in World War II understood how important it was to feed our country. And they did not require farmers to go in the draft.

My grandfather was one of those farmers. While my grandmother, she was a welder in the ship fields of Savannah, Georgia and delivered these ships, my grandfather, he stayed home and he was able to grow food because our government understood how important it was to be able to feed our country.

Our leaders understood that back then. And I challenge you, it's incumbent upon you as
the leaders of this country to protect the
ability of the American farmer to feed American
people.

Number two, I want to challenge you as
leaders of our country to not succumb to the
threats that Mexico is putting on you. And you
need to decide to protect the American farmer.

The fact that American officials are
making threats, those are the significance of
this unfair trade program that we find ourselves
in.

It is a big deal to Mexico because
they know, they know if no changes are ever made
Florida is going to be killed. And they're going
to own, they're going to own the production of
vegetables that feed the 79 million people east
of the Mississippi river.

They're going to own it because
they'll have a freight advantage over California
and they'll be able to deliver much cheaper than
what other producers will in the country at that
time. It was number two.
Number three, during the pandemic in April and May I was forced to destroying food while everyday there was hundreds of loads of produce coming across the border.

We asked the Administration to call force majeure agreement and we were turned down. When that happened, we turned to the American people to help buy our produce and not support foreign grown produce.

We have seen that the American people have stepped up to the plate and done just that. The Americans have been aware during this pandemic of the trade inequalities when it comes to the American farmer in Florida. And they expect you, the Administration, to make changes to protect the American farmer.

I'll close, again, to reiterate three points. From a historical perspective our government protecting food security, it's incumbent on you to do that.

Number two, don't succumb to the threats that's being shown. That proves of how
big of a deal this is to the Mexican government.

Thirdly, American people are expecting
you to make changes that they have been made
aware of on this issue. The American people are
totally aware of it all over this country.

It's clear that specialty crop
production in Florida is in a crisis. A crisis
that has been more than 20 years in the making
under NAFTA.

The data that has been submitted to
the USTR paints an extremely dire picture. This
situation has gone unaddressed until now. But we
must have timely relief if we want to save the
Florida industry and the U.S. grown supply of
fruits and vegetables during the fall and spring
months of the year.

In order to save this specialty crop
industry, my fellow producers and I respectfully,
humbly, prayerfully urge that the USTR quickly
develop trade relief measures to ensure the
future of our industry.

I want to thank you for hearing me.
And on behalf of all producers in Florida, thanks in advance for the changes that you are going to make secure Florida production to ensure our food is secure. That concludes, completes my testimony. Thank you for hearing me very much.

CHAIR KIMMITT: Thank you, Mr. Allen. I will turn it over to Ambassador Doud for a follow-up question.

MR. DOUD: Yes. Mr. Allen, we've heard a lot about the different commodities today. We haven't heard much about commodities, sweet corn, cabbage, green beans.

Take a minute and walk me through what you're seeing in terms of imports of those commodities. Presumably they're coming from Mexico or maybe other counties, how that's affected your business and your profitability here in the last couple of years.

MR. ALLEN: Well, thanks for asking. Many years ago in Florida, I'll talk sweet corn and green beans, many years ago in Florida, Texas was one of our larger markets.
Texas no longer exists for Florida. It's gone. Absolutely gone during our (audio interference). Whenever it's too cold for Texas to produce, it's warm enough for Florida to produce.

That market is gone and we continue to see it creeping more and more and more. And often times whenever prices get to a certain point where we're at or below production costs, they're delivering to the east.

And we've got the freight advantage. And they're delivering to the east, still delivering cheaper than we are. That's what we're running into.

MR. DOUD: Thank you.

CHAIR KIMMITT: Thank you, Mr. Allen. And thank you for your testimony today.

We will now welcome Mr. James Alderman on behalf of Alderman Farms. Mr. Alderman, I don't know if it's just on our end but we can't hear you. So if you're on mute, perhaps, or some other issue, we're having trouble hearing you.
I apologize. Mr. Alderman, I think we might be having some technical issues that hopefully we can sort out to hear your testimony.

(Audio interference.)

CHAIR KIMMITT: Oh. For the time being we're going to go to the next witness, Mr. Sal Finocchiaro, and then hopefully be able to get back to Mr. Alderman.

MR. FINOCCHIARO: Yes. Thanks for having me today. Sal Finocchiaro, owner of S&L Beans in Homestead, Florida.

Last year we made the very tough decision to shut our operations down. Until then we'd grow a thousand acres of green beans, a thousand acres of squash and zucchini, 200 acres of grape tomatoes.

Our farm was a multi-generational family operation. My father founded the business in 1967. My whole life was farming.

When I was a little boy I would ride the farm with my dad in the afternoons after school. My children also worked on the farm. My
daughter worked in the office, my son worked here on the farm. Came home from college and worked with me out in the field.

(Audio interference.)

CHAIR KIMMITT: Apologies, particularly if someone is speaking and the issue is on our end. We at USTR are having trouble hearing.

We're going to take a short break and then hopefully be able to come back to Mr. Finocchiaro and Mr. Alderman. So, we're going to go to quick break and probably come back on at about 3:15.

(Whereupon, the above-entitled matter went off the record at 3:07 p.m. and resumed at 3:17 p.m.)

CHAIR KIMMITT: Hi, everyone, welcome back. And thank you for your patience.

Unfortunately it looks like we're going to have to deal with the same issue that we've now dealt with twice today already, but it should be the last time. We are going to have to
reset the link.

Updated links will be available on USTR's website, but it does mean in the next few minutes you will be kicked out of this current program and you will have to log back in.

Apologize for the inconvenience, appreciate everyone's patience in bearing with us as we deal with this. We will reconvene at 3:30.

We should have plenty of time to finish at the scheduled 4:10 end time. We have six witnesses to go.

And the links will be live before 3:30, but we will begin at 3:30. And hopefully everyone is able to log back in prior to that. And look forward to reconvening.

(Whereupon, the above-entitled matter went off the record at 3:19 p.m. and resumed at 3:31 p.m.)

CHAIR KIMMITT: Welcome back everyone, thank you for your patience, especially Mr. Finocchiaro. Apologies for interrupting you halfway through your statement.
We'll now proceed with the remainder of this fourth session and allow Mr. Finocchiaro to, you can pick up where you had left off or begin, probably best to start from the beginning if you wouldn't mind, sir.

MR. KESSLER: I think you're on mute, sir. There you go.

MR. FINOCCHIARO: Can you hear me now?

MR. KESSLER: Yes.

CHAIR KIMMITT: Yes.

MR. FINOCCHIARO: Okay. My name is Sal Finocchiaro, I'm the owner of S&L Beans in Homestead, Florida.

Last year we made the very tough decision to shut down our operations. Until then we'd grow a thousand acres of green beans, a thousand acres of squash, 200 acres of grape tomatoes.

Ours was a multi-generational family operation. My father founded the business in 1967. My whole life was farming.

When I was a little boy I would ride
around on the farm with my dad in the afternoons after school. My children also worked on the farm. My daughter in the office, and my son, who came back from college to work with me in the field.

The farm was our whole life. And it was an extremely hard decision to shut it down. But we're in a position where we had little choice.

Our situation closing our farm will continue to play out in Florida unless the Administration takes action to stop the unfair trade practices by Mexico.

There were others before us who shuttered their operations and there will be more to come if Mexico is allowed to continue with its schemes to put our fruit and vegetable industry out of business.

We have been left defenseless against surging volumes of Mexican produce imported into the United States during Florida's growing season. That's what put us out of business, we
just can't compete.

The floodgates are always open with the Mexican deal. We've borrowed and borrowed in order to keep farming, but we had to eventually stop.

I would farm for nothing if I could just break even. But I couldn't keep losing money every year.

The future of the crop industry in Florida is bleak if the Administration does not devise a plan to level the playing field. My family will never farm again. We just can't compete. That's the end of my testimony.

CHAIR KIMMITT: Thank you, Mr. Finocchiaro. I will turn it over to Ambassador Doud for a follow-up question.

MR. FINOCCHIARO: Okay.

MR. DOUD: Thank you, sir. It's tough to even ask a question under these kinds of circumstances, but I think it's important to ask this question. To put it into some context for everybody.
How many people did you employee when you had everything running and everything operational?

MR. FINOCCHIARO: About 450 people.

And that's --

MR. DOUD: Four hundred and 50.

MR. FINOCCHIARO: -- including packing houses and harvesters and all.

MR. DOUD: Yes. Okay. Thank you, sir.

MR. FINOCCHIARO: Yes, sir. It's a lot of people.

MR. DOUD: Yes, sir.

MR. FINOCCHIARO: A lot of people out of work. We've had people that worked for us for 52 years.

Generations. Three generations. My son's third generation. And now we're, you know, we love farming.

There's a lot of this more to come if something doesn't change. It's very, very sad. Because we'll be dependent on Mexico to feed us
for the winter time, you know. It's just a sad situation.

CHAIR KIMMITT: It is, sir. Thank you for your testimony, Mr. Finocchiaro. Again, trying to get back on schedule for the time we lost.

MR. DOUD: Thank you, sir.

CHAIR KIMMITT: We'll now turn to Mr. James Alderman representing Alderman Farms.

MR. ALDERMAN: I just want to make sure you can hear me?

CHAIR KIMMITT: We can, sir.

MR. ALDERMAN: Okay. Good afternoon and thank you for the opportunity to testify today.

My name is Jim Alderman. I'm a vegetable producer and have been since 1979 in eastern Palm Beach County. Between Boyton Beach, Delray Beach and Boca Raton.

I'm a long time farm bureau member. We and our farm are proud to be able to produce the finest quality and the cleanest organic
produce in the United States.

    Our tomatoes are bar none. There is
nothing to compete with us. Our vine ripe
organic tomatoes.

    A few years ago this area was
considered the winter vegetable capital of the
United States. Today, along with my son and a
lot of dedicated employees, we farm approximately
1,100 acres of organic vegetables.

    To include peppers, tomatoes, zucchini
squash, yellow squash, beans, cucumbers,
eggplant, kale, collards and other greens and
herbs. They are all under the attack from
Mexico. We employee 250 people during our season
from October to June.

    I woke up this morning knowing that I
would have to testify today in such an important
meeting. And asked myself, what has changed.
What has changed.

    My neighbors are all gone. They're
out of business. They include DuBois Farms,
Whitworth Farms, Big Red Packing, David Neal
(phonetic), Ruski (phonetic) Farms, Bobby Conrad and many others.

Other farms have decreased production drastically. Then I asked the question, why.

These were all great farmers, great businessmen and leaders in our community, what happened.

NAFTA.

NAFTA opened the floodgates from Mexico for the importation of fruits and vegetables. At first, tomatoes were targeted.

Today there are over 200 fewer farmers in the state of Florida since NAFTA began.

With the tremendous landmass and different elevations, Mexico can shift its production to peppers in every crop grown in Florida, to include strawberries, beans, corn, squash, cucumbers, herbs. Not only conventional, but organic as well. High volumes of underpriced produce.

Let's talk about competition.

Competition is very important. We believe in competition.
As a Florida farmer I welcome competition, but it must be fair competition. Our domestic producers competing with the resources of foreign government is not fair.

When prices at the U.S. border blow our harvesting cost it makes it impossible for our farms to compete. So many times during the season prices are quoted below our harvesting and packing cost. Which leaves no money for production costs.

Mexico has done to Florida farmers what China has done to our manufacturing industry. There are so many similarities.

Small to mid-sized manufacturers in the U.S. cannot compete with China for the same obvious reasons. Now, in the global pandemic, we're dependent on China. Do we want this for our produce, also, from Mexico?

This, to me, is a national security risk. As a farmer for the past 41 years in Palm Beach County, I ask you to please put our U.S. farmers on a level playing field with Mexico.
Pricing is most concerning. We cannot continue to sell below our costs. This must be resolved. It must be resolved now. This has been going on since NAFTA. I demand that something be done.

I ask that you have an urgency to act now so that our family farms may continue. And my son will be able to continue and pass the farm to my grandsons.

For our seasonal and perishable producers, please deliver an effective trade remedy to address these unfair trade practices.

Thank you.

CHAIR KIMMITT: Thank you, Mr. Alderman. I'll turn it over, Under Secretary McKinney, do you have any follow-up questions for Mr. Alderman?

MR. MCKINNEY: Yes, I do. I think he answered the question, if I caught it correctly, but let me just ask it again.

I too come from a family farm. We're corn and soybeans, seed corn, seed soybeans and
sometimes we've seen competition come along. And
sometimes there's a shift to other crops or
different forms of production.

I think I heard you say that all of
the many, many, many types of crops you produced
have been targeted by Mexico. Did I hear that
correctly?

MR. ALDERMAN: Yes, you did. We have
shifted over the years to an organic production.
Mexico is shipping organic produce cheaper than
what we can grow it. Cheaper than what we can
pick and pack it.

CHAIR KIMMITT: Leaving really no
other crop or method of production that's not
going to face that competition. I don't mean to
put words in your mouth but is that correct?

MR. ALDERMAN: No, you're exactly
right. I've been through this, starting as a
young farmer. We knew we could not compete with
the large farms around us so we had to find a
niche, okay.

So in the last ten, 15 years we've
gone into organic production. And Mexico will quote zucchini squash at the border for $4. It costs us $8 just to harvest it and pack it. Not counting the growing costs.

MR. MCKINNEY: Yes.

MR. ALDERMAN: So, every day I ask my salesmen, what's the market, what are we doing. And they'll always come back, well, out west grape tomatoes are $5 at the border and that's $12 by flat. It costs me like $14 just to breakeven with that.

So, I don't know how they can sell it that cheap, but we when we have, we have an option, either sell it or disk it up. Lots of times, in this past spring, in the pandemic, we had to leave a lot of produce. People were begging for produce and we had to leave it and disk it in because we couldn't sell it.

MR. MCKINNEY: Thanks very much. I'm sorry about the loss of the farm, that weighs heavy here.

CHAIR KIMMITT: Thank you, Mr.
Alderman, I appreciate your testimony today.

We'll now welcome Ms. Marie Bedner on behalf of Bedner Farms. I think Ms. Bedner was having some issues hearing us, which might prevent us from asking questions, but it may have been resolved. But hopefully, Ms. Bedner, we can turn it over to you.

MS. BEDNER: Yes, I can hear you now.

Good afternoon. My name is Marie Bedner, Bedner Farms, Inc.

We are a family owned operation and has farmed bell peppers and cucumbers in Palm Beach County and Martin County since 1950.

I'd like to thank you for the opportunity today to talk about how our family's business and livelihood have been affected by the devastating loss of market share, crop volume and sales revenue as a result of surging unfairly priced fruit and vegetable imports from Mexico.

I'd like to give you an example of a scenario that happened all too often. Last season during our bell pepper production season
our sales team noticed that one of our largest
buyers out of New York had not purchased any of
our product for several weeks.

When the sales team inquired to find
out what the issue was, the buyer told them that
the truckloads of Mexican bell peppers were being
delivered to his stock with an open ticket.
Which means a buyer can pay whatever they want
per box.

It goes without saying the buyer is
going to take that load of produce at a fraction
of the cost of what our load is. That's a
classic example of dumping, and it occurs
frequently.

Our operations cost per box of peppers
is substantially more than what it is for growers
in Mexico. When they load a truck that gets
delivered, for example, to a dock in New York the
ticket is open. So the buyer can pay $4 a box.

Compare that to a box of our product,
which has a set price that we can't drop below
simply because of what our expenses are to
produce that box. Of course the buyers are going
to take the cheaper box every time.

Mexico's industry enjoys many
advantages over the Florida specialty crop
industry. There is no minimum wage or worker's
compensation premiums that have been using
cheaper chemicals that we haven't used in over 25
years.

The Mexican growers also enjoy a
program of government subsidies that pay for
virtually all aspects of production from
irrigation, to infrastructure, to technology.
Because their cost to produce that box of produce
is significantly less than ours, putting us at an
extreme disadvantage on a playing field that
doesn't come close to being level.

The future farming in our area is very
bleak. Up and down the road from our location
farms go out of business every year.
Growers have made the tough decision
to sell their land because they simply can't
compete with the unfairly priced Mexican fruits
and vegetables. And the surging volumes coming across their border into the U.S. marketplace during our growing season. We need relief and we need it sooner rather than later.

It's tragic for families such as ours. Farming is our livelihood. It's all my husband, his brother and our nephews know.

My husband and his brothers are fourth generation producers. My nephew represents the fifth. And when you lose those multi-generational farms, you just don't get them back.

South Florida was once known as the winter vegetable capital of the world. We have experienced 25 years of suffering and decline in Florida's specialty crop industry under NAFTA.

Without an immediate remedy to Mexico's unfair trade practices, farming operations will continue to shut down and American will be forced to rely on a foreign country for our fruits and vegetables during the winter and spring months. No one wants to see that happen.
If there is any silver lining in this coronavirus pandemic it's that consumers are shown how important Florida's specialist crop agriculture is to our ability to produce healthy fruits and vegetables in our own country. Yet, even when Florida growers couldn't sell their crops we were giving them away to food banks or plowing them under, Mexico actually stepped up its shipments to vegetables, including peppers, into the U.S. during that same time.

As chair of the advocacy committee for Florida Fruit and Vegetable Association, I appreciate the Ambassadors commitment to address the unreasonable trade practices and policies that have caused unfair Mexican pricing and volumes in the U.S. market and the harm that Florida's seasonal and perishable produce industry has suffered as a result.

Our industry is in crisis. In order to help save the specialty crop industry my fellow producers and I therefore respectfully urge the USTR Commerce with measures that will
help ensure our industry can survive.

Thirty years ago when my father-in-law handed the farming operation over to his three sons and the bookkeeping to me, I made him a promise that the business would be here for future generations. It's really important now, especially since our nephew has three sons, at 5 1/2 and twins 2 1/2, they're already on the farm learning how to work.

It really is disheartening to think, through no fault of our own, this business will not be here and Art's legacy will abruptly end. I appreciate your time today and that concludes my testimony.

CHAIR KIMMITT: Thank you, Ms. Bedner.

Thank you for your testimony. Assistant Secretary Kessler, do you have any follow-up questions for Ms. Bedner?

MR. KESSLER: Yes. Thank you very much for your testimony, Ms. Bedner.

I'm interested in this open ticket pricing mechanism that you described. Can you
explain a little bit more about what determines the eventual selling price in the United States?

And also, do you have any information about how widespread the practice is?

Is it just bell peppers, is it just New York? Is it other states, other products too?

MS. BEDNER: Well, it's all commodities and it's all states that it happens. It just is a simple fact that they're bringing in the truckloads.

And since they have no minimum, you know, costs that they can put it in at, the buyers, they just send the truckloads and it shows up and the buyers pay what they want. So it's a widespread practice. I think many people are aware of it.

MR. KESSLER: Thank you.

MS. BEDNER: Yes.

CHAIR KIMMITT: Thank you, Ms. Bedner.

We'll now welcome our next witness, Mr. Rick Roth, on behalf of Roth Farms.
MR. ROTH: Good evening. Or good afternoon. Can you hear me okay?

CHAIR KIMMITT: We can, sir, thank you.

MR. ROTH: Thank you. Thank you for this opportunity. My name is Rick Roth, I'm a third generation Florida farmer and a principle owner of a family operation, Roth Farms, since 1986.

We produce over 20 types of vegetables, including radishes, lettuce, sweet corn, celery, sugar cane, rice and sod. We also build a state of the art packing house (audio interference) in 2007.

My father, Ray Roth, moved to Belle Glade in 1948. I currently serve on the board of directors of the Florida Fruit and Vegetable Association since 1986 and serve on the board of directors of Sugar Cane Growers Cooperative of Florida since 1994.

My purpose today is to emphasize the real need for an expanded definition of which
U.S. food producers in petition to the Department of Commerce in USMCA.

We felt like the President Trump's America First Foreign Policy voted well for American agriculture in USMCA. Unfortunately, politics played a key role in preventing the abovementioned language from being included in the final document.

It is unfortunate businesses are focusing on short-term gains and threats by Mexican buyers. It is blinding them from seeing that our position is just one that will predict all American vegetable producers.

Politics winning over policy, unfortunately means that USDA and USTR have failed to properly represent agriculture in the USMCA agreement, America agriculture, just by adding this additional enforcement mechanism.

In order for U.S. producers to compete with growers in other countries that may have less regulations and may have lower labor costs, we must at least prevent their government from
subsidizing their infrastructure costs. To get to a reasonable solution, let me focus on something I know about, the effects of NAFTA on the U.S. sugar industry, and specifically how it affected my sugar mill, Sugar Cane Growers Coop.

Under NAFTA, the $.15 tariff on a $.20 per pound raw sugar in 1995 went to $0 in 2010. George Wedgeworth, our president and CEO, identified early on that our company had to vertically integrate our business in order to prepare for the day when Mexico could ship a million tons of raw sugar into our market each year.

In 1998, our sugar mill, Sugar Cane Growers Cooperative and Florida Crystals joined forces and purchased Refined Sugars, Incorporated in Yonkers, New York.

Before 2008 Mexico was only sending in 1.7 percent of our sugar consumption. In '13 and '14 it was 18 percent. Both years sending approximately two million tons into the U.S. market.
The U.S. industry was able to petition the Department of Commerce and they were able to initiate an antidumping duty investigation. And on October 24th, 2014 the commerce department preliminarily determined that the sugar from Mexico is being, or likely to be sold, in the United States at less than fair market value.

I know you all know that, but there is a reason for me explaining that. That was the per sugar infringement agreement in '14.

Evidence also confirmed that the Mexican government was knowingly subsidizing the sugar cane mills in Mexico. During times of widespread depressed prices, the Mexican government mandated that the sugar mills pay the Mexican farmers a higher than economically justified prices for each ton of sugar cane.

And when the sugar mills face bankruptcy due to overpayment to the growers, the Mexican government gave the sugar mills government loans and then later forgave them. This is a clear example of subsidization.
Though Mexico has economic goals to increase agriculture production and increase exports, we understand that, but it's also a matter of social policy. So let me cut to the chase.

First, it just seems so logical to ask for a neutral position, which is, that we just need the right as seasonal and perishable producer to be able to petition for the right to have an inspection to see if whether there is subsidy. We're not asking for special treatment, we're asking for a neutral rule of law.

There is another provision I want to explain. Under the 2020 sugar agreement, we call it Sugar Agreement Number 3, there is a provision in there that allows the United States domestic sugar production to compete for market share.

And then after we have received all of the WTO sugar, then Mexico can report and send in the remainder. That is called sugar that is additional U.S. needs.

That's important to understand because
perhaps there is another solution. And that is, that a cap on Mexican imports, defined as a percentage of total U.S. consumption of seasonal perishable vegetables could possibly work.

And let me explain to you why that's important. I know you're having a hard time understanding, let me explain.

So what we do know, that once regional vegetable industry is gone, the loss of institutional knowledge, the new varieties development, personnel, specialized equipment and willing producers guarantees that that industry will never come back. Then, the argument that trade agreements encourages competition and lowers consumer prices will be gone because the American consumer will be held hostage to foreign producers that can charge whatever the market will bear for some of our food supply.

So my argument is, we have to maintain a trade agreement that allows competition, through competition. So, I believe the events surrounding the COVID-19 pandemic are changing
the parameters of global free trade.

These events have uncovered the need
for public policy that encourages domestic
production of medical supplies in
pharmaceuticals. I believe now is the time to
consider a policy in USMCA that continues to
encourage domestic production. And perhaps even
guarantees a minimum that can be produced
domestically.

Where are the people? Is my question.
Where are the people in USDA and USTR that will
stand up and say that regional American specialty
crop agriculture will not disappear on their
watch because of weak enforcement mechanism. All
we're asking for is an enforcement mechanism.

If there is no subsidization by
Mexico, as some people want to suggest, then why
does adding this enforcement mechanism cause
anybody any problems. Since everyone's real goal
is just the right to compete in pure competition.

I want to thank you for your efforts
to arrive at the best solution for all American
food producers as representatives of our
government. And I also want to thank Secretary
Perdue and I also want to thank Secretary Ross
for their efforts in the tomato and sugar.

That's my presentation and I'd be
willing to answer any questions.

CHAIR KIMMITT: Thank you, Mr. Roth.
I think in the interest of time, and to stay on
schedule, we're going to move to the next
witness. We appreciate your testimony Mr. Roth.

Now we will welcome Mr. Patrick
Carroll on behalf of Clear Springs.

MR. CARROLL: Hello, can you guys hear
me?

CHAIR KIMMITT: We can, sir.

MR. CARROLL: Okay, great. First off,
I want to thank everyone for being here today. I
know there's a lot going on in the world and it
means a bunch to have everyone here working
through these issues that are obviously very
important to all the southeastern United States.

Clear Springs is a grower and marketer
of blueberries and strawberries in Winter Haven, Florida. We provide marketing services to growers both and big and small, across North and South American.

But we have specifically reduced our business in Mexico due to, one, the conflict of interest it creates in representing American farmers, and two, the challenging, the questionable business practices we've encountered in our due diligence in the region.

Over the last 15 years we've witnessed the surge in cheap Mexican blueberry and strawberry supply resulting in an uncompetitive pricing for American farmers. As a result, Florida farms have seen decreasing, and now negative growth, in production.

Over the last three years the price per pound return for our blueberry farm has declined 19 percent. And over the last five years it has declined over 28 percent.

Without a reversal in this trend it does not make sense to put another blueberry
plant in the ground.

The problem. During the same seasonal market window American farmers directly compete with unfairly price products derived from Mexico's trade-distorting policies. Policies and other influences that negatively impact the U.S. are, one, subsidized capital investment.

The Mexican government has, and continues, to directly subsidize infrastructure, equipment, post-harvest management, genetic resources, irrigation technologies and more, estimated to total over $220 million annually.

Per scale, that equates to developing roughly 7,000 acres in Florida and 40 million pounds of production for free. The State of Florida's production peak in 2015 with only 5,500 acres and 24.8 million pounds of production.

Number two, is unfair operating and harvest expenses. Mexico pays their labor an average of $10 a day or $1.25 an hour, assuming an eight hour day, compared to the U.S. where workers are paid up to $15 an hour.
Labor costs are up to 40 to 60 percent of the total cost of production for U.S. farmers producing blueberries and strawberries in the southeastern United States.

Number three, extortion of agricultural profits. Mexican cartels have diversified into fruit and vegetable extortion as Mexico fruit and vegetable production increases. Money is actually being taken out of the pockets of hard working American farmers and put into the pockets of extortionist cartel members.

In addition, legitimate cargo carrying commercial trucks are often the source of transport for drugs hidden within secret compartments.

Number four, no protection under the USMCA. There's a lack of provisions under USMCA for seasonal producers to gain the support of the majority of domestic producers. Moreover, domestic producers are also growers in Mexico creating a conflict in representing the American farmers' interest.
Number five, onto U.S. food security and environmental. Supply from Mexico increases food miles by 2.5 to 3.5 times of that are fruits and vegetables produced in the southeastern United States.

In addition, it increases the U.S. reliance on food supply while reducing customers' access to fresh, locally and regionally grown produce.

How the Administration can address the problem. First and foremost, we ask the Office of the United States Trade Representative for a fair solution and remedies to combat the unfair trade policies and protect the future of American fruit and vegetable production in the southeast.

Secondly, we suggest for your consideration that during established market windows when American farmers produce competing products with Mexico some type of tax or tariff be assessed on Mexican produce that levels the playing field for unfair subsidies and wages.

If possible, I would suggest these
funds be, these funds created by this tariff be
used to increase funding for border security
and/or worker welfare programs in the U.S.

I fully support Brittany Lee in her
efforts to start the 301 investigation. I think
that the driver of the problem is a cost driver.

Mexico is the low-cost producer in our
window and they will continue to produce until
they have the entire market share. I know that
will be a question coming up.

And also, I wanted to comment a little
bit on some of the points made regarding
innovation. Florida has been innovating in
agriculture for a long time from a varietal
standpoint.

The University of Florida has come out
with varieties yearly to help increase
production, quality of fruit, everything else
that had been mentioned by some of the other
witnesses. And in addition, there has been
countless hours spent working on mechanical
harvesting of blueberries, which is very
challenging in the southeast due to the nature of the crop in both blueberries and strawberries.

With that I yield back and welcome any questions.

CHAIR KIMMITT: Thank you, Mr. Carroll, appreciate your testimony today. We're going to now turn to our final witness of the day, Mr. Chris Spencer, on behalf of Florida Governor Ron DeSantis.

MR. SPENCER: Good afternoon. Can you hear me?

CHAIR KIMMITT: We can, sir. Thank you.

MR. SPENCER: Perfect. Thank you. I appreciate the opportunity to testify today on behalf of Florida Governor Ron DeSantis.

I'd like to thank Ambassador Lighthizer and the Trump Administration for their promise to fight for fair competition in our domestic market and protect foreign agriculture community.

On January 9th, 2020 Ambassador
Lighthizer committed to issuing a trade action plan within 60 days of entry into force of the U.S., Mexico, Canada trade agreement to implement effectively and timely remedies necessary to address any trade distorting policies that may be contributing to unfair pricing in the U.S. market and harming U.S. producers of seasonal and perishable products.

The USMCA entered into force on July 1, 2020. And we ask the USTR to meet the 60 day commitment without delay, to provide timely trade relief to Florida's growers.

At a growing rate Mexico is exporting government subsidized produce into our domestic markets resulting in unfair foreign competition. This Mexican government subsidy is approximately $200 million per year. And President Lopez Obrador has recently vowed to further increase this government support.

These subsidized exports have systematically and substantially undercut Florida growers' domestic market share and appear posed
to increasingly do so absent the type of strong action President Trump has taken in support of other critical U.S. industries.

Florida produces warm weather fruits and vegetables during the winter season leaving our farmers uniquely susceptible to such practices and unable to remain competitive. The eroded market share and drop in production value of select fruits and vegetables in the state are driving economic and job loss in Florida, putting hard working producers out of business.

The agriculture industry is the backbone of Florida's economy providing nearly 1.4 million jobs and more than $131 billion in total economic impact to the state.

However, the continued import of subsidized produce has had a significant negative impact on Florida's growers. From 2000 to 2018, the value of Mexican specialty crop imports has increased by 482 percent, while the value of Florida's specialty crop cash receipts decreased by 28 percent.
This trend has resulted in an $11 billion gap between the value of specialty crop imports from Mexico and those grown in Florida. We commend the Administration's willingness to work with Florida, to assess the impact of inequitable trade policies on the American people, as requested by Governor Ron DeSantis during the USMCA negotiations.

And we are thankful for the Administration's open-door policy to hear these concerns from our agriculture industry.

Now, more than ever, the State continues to fight the COVID-19 pandemic. We must protect domestic industries and struggling businesses with state economies weakened and jobs at heightened risk, seasonal producers need fair access to import remedies that ensure their survival.

The strong action necessary to counter injury to Florida's growers can be met through the use of existing trade authority under Section 301 of the 1974 Trade Act. As you know, this
provision gives the U.S. Trade Representative the authority to investigate and respond to foreign countries that engage in acts that are unjustifiable or unreasonable and burden U.S. commerce.

We request the U.S. Trade Representative's use of Section 301 to provide relief to our growers or welcome an equally effective alternative that results in fair trade and fair competition.

The State of Florida looks forward to continuing to partner with the Trump Administration, to re-balance trade with Mexico, to ensure the livelihood of Florida's agriculture community and a food supply that does not rely on foreign governments.

Thank you, and that concludes my testimony.

CHAIR KIMMITT: Thank you, Mr. Spencer. I think we have time maybe for one or two questions. I'll turn it over to Ambassador Doud, who I believe has a question.
MR. DOUD: Yes, thank you, Mr. Spencer. I thought maybe just we would get your perspective, for a moment, to give your perspective on the availability of farm workers in Florida.

MR. SPENCER: Can you hear me?

MR. DOUD: Yes.

MR. SPENCER: Okay. So, I'll defer to what our industry partners have said throughout the day. I note that they have a wide range of input and a wide range of perspective on that matter.

I have not personally monitored that in the conversations that we've had with our industry.

This issue of the next in subsidized imported produce has been the substantial issue that continues to come up in our conversations with our industry partners.

MR. DOUD: Okay, thank you.

CHAIR KIMMITT: Under Secretary McKinney, do you have any questions for Mr.
Spencer before we adjourn?

MR. MCKINNEY: Not a question, other than to say thanks for being there and representing the Governor's Office, that's very important.

I just want you all to know that we'll participate actively with my friend, Ambassador Doud and Assistant Secretary over at Commerce, and see what can be done.

The one area where we have a great deal of authority and a lot of energy and funds from Congress, frankly, is out in promotion. And I want to reiterate for those that may not have heard it earlier that we have doubled down to try to focus on markets that might help.

For example, three new countries received blueberry access, U.S. blueberry access over the last, about five or six months. And we're doubling down, already linking with some of your companies to export that.

The other thing I would remind, and I think the Commissioner knows this well, but we
I have a, there's a group of the southern states called SUSTA. And it is through them that we provide market access program funds, foreign market development funds.

And it's really designed for those brand name companies. Often times that could be some of the farms and representatives that we heard here.

And so, I think working with her and her team, who are well aware of this, they've been an active participant, might be another way. So I'm going to focus on the trade promotion, but also, we've got a lot of analysts that work daily, frankly, with USTR and Commerce, and we will be an active part of the analysis coming from this and the next hearing next week.

So I just want to say thank you, to you, for representing the Governor's Office.

MR. SPENCER: Thank you. And we also appreciate working closely with USDA, with the U.S. Trade Representative's Office, with the Office of the President.
You have been a good resource for us to work with and we look forward to continuing to work with you as we move forward with this.

CHAIR KIMMITT: Well, thank you, Mr. Spencer. I want to say, thank you to Under Secretary McKinney for participating today.

And I also want to thank Assistant Secretary Kessler and give him the floor for a moment if he has any last remarks before we conclude today.

MR. KESSLER: Nothing further, just thank you very much to, Mr. Spencer. Thanks very much to all the witnesses.

I think we learned a lot from you all today and have a lot to think about. So thank you very much for spending the time to speak with us today.

CHAIR KIMMITT: All right. And thank you to everyone who participated today. And thank you for everyone participating and watching who was patient with us as we worked through some technical issues.
We will have another hearing on this issue next Thursday, August 20th, beginning at 9:00 a.m. eastern time. And that hearing will also take place virtually.

As a reminder, a transcript of today's hearing will be posted on USTR's website and the public docket in the near future. And thank you to everyone. And this concludes today's hearing.

(Whereupon, the above-entitled matter went off the record at 4:14 p.m.)
variety 63:21 98:10
102:5,9 137:10
204:13
various 147:14 171:3
vast 168:11
vegetable 2:13 4:14 6:6
12:9 14:16 19:3 20:21
22:15 25:7 33:13,14
39:9 40:7 42:18 71:10
85:16 86:14 88:3,18
89:15,20 91:19 143:5
147:13 148:5 170:20
185:14 198:20 199:2
199:6 203:19 204:11
204:12,14 221:11,13
232:17 235:17 236:6
242:19 245:13 246:12
249:17 250:13 254:9
259:7,8 260:15
vegetables 6:22 9:11
11:9 18:22 19:6 24:17
32:10 42:11 46:9,20
47:5 61:22 67:3 68:1
68:3 71:14 85:5 86:20
88:6 89:21 91:5 93:8
95:2 98:19 99:2
101:5 143:19 180:15
185:10,12,15 187:3
199:8 201:8 203:22
204:2,13 223:16
225:15 236:9 237:10
245:1,20 246:5,9
249:11 254:4 260:4
264:5,9
ventures 117:22
Vern 2:3 4:5 18:6,17
versus 12:4 43:1 74:17
91:12 95:16 119:20
211:16 212:4
vertical 112:7
vertically 251:10
vetted 129:6 131:12
viability 27:9
viable 32:15 185:15
217:14 218:21
vibrant 9:3
vice 205:17
victory 16:10 37:10
video 30:9
videoconference 1:9
view 37:3 99:22 100:4
176:2 192:13 211:15
Vilsack 186:11
vine 236:3
violations 29:15
virtual 125:14 144:17
virtually 8:9 41:12
44:19 62:2 244:11
271:4
vis-a-vis 10:7
visited 186:12
visitors 45:21
visually 111:6
vital 40:3,8 43:15 45:18
46:3 160:11
vivid 172:10
voice 38:17 54:20
160:19
void 102:22
volatility 102:13
volume 84:3 92:4 93:21
119:8 126:15 149:15
158:13 177:6,16
185:18 201:13 242:17
volumes 40:17 68:2
74:21 80:17 99:3
149:8 179:8 200:22
217:15 232:20 237:18
245:1 246:16
voted 250:4
vouch 103:11
vowed 263:18
vulnerable 152:14

W
wage 12:3 127:15 166:2
216:10 14:244:5
wages 260:21
waiting 38:12 69:2
walk 17:15 144:4
226:13
Walmart 165:11
wanted 24:9 31:12 53:7
59:22 63:20 156:21
261:11
wants 9:3 166:21
245:21
war 160:15 178:16
222:10
warehouses 120:16
warm 13:16 25:13 45:4
227:4 264:4
warranted 81:12
wars 51:21 178:10
Washington 53:7 145:5
wasn’t 186:13
watch 255:14
watching 6:13 141:9,10
270:20
watermelon 69:11
73:20 80:1 106:10
watermelons 21:17
67:15 94:16 97:2,8
98:6 106:13 190:4
202:8
way 23:17 36:1 46:4
64:5,6 67:10 70:8
76:16 105:11 108:10
116:6 129:22 134:2
153:17 166:19 178:7
214:12 269:11
ways 9:5 60:19 123:17
weak 255:14
weakened 265:15
wear 221:9
weather 103:6 208:8
209:1 210:9 264:4
website 141:16 230:3
271:6
Wedgworth 251:8
week 150:6 184:15,16
269:16
week’s 6:8
weeks 162:15 186:18
243:3
weighs 241:20
welcome 6:11 13:16
50:19 56:13 63:12
66:4,6 77.7 84:8
89:14 97:11 101:9
108:15 116:11 124:19
124:22 131:20 141:4
142:11 150:18 157:18
163:8 177:20 182:22
189:11 193:5 198:13
204:21 205:10 213:21
220:17 227:18 229:17
230:19 238:1 242:2
248:21 256:11 262:3
266:8
welder 222:15
welfare 261:3
wells 159:5
went 50:13 68:14 77:5
97:19 141:2,22 146:9
189:22 205:8 229:15
230:17 251:7 271:10
west 12:14 106:1,8
137:6 211:2 121:5
212:20 213:1 241:8
western 12:19 48:17
75:5 92:14 181:17
182:15 211:16 212:17
white 132:10,11 134:22
136:6 140:2
Whitworth 236:22
wholesale 104:1,17
whopping 126:16
wide 102:5 208:10
267:10,11
widespread 248:4,16
252:14
Wilbur 1:20 4:3
47,000 51:16
48 146:13
482 264:20
4th 143:10

5
5 4:7 202:20 241:9
247:7
5,500 258:16
5.50 65:4,9,13 83:12
50 4:9 46:22 67:6 73:12
86:16 127:4 234:6
500 47:10 87:13 190:4
52 234:16
531 16:18
550 58:21
551 41:1
56 4:10 88:6
59 86:8

6
6 4:2,8 33:15 87:12
6.3 14:17 71:11
6.4 98:17
6.5 118:13
6.9 14:15
60 134:18,18 259:1
263:2,10
62 126:20 127:1
64 74:18 153:13
64-fold 87:16
65 68:20 86:19
66 4:8 135:19
67 170:16
68 146:4

7
7 4:8 165:18 202:21
7,000 258:14
70 159:13
708 74:6
750 190:2
78 4:12
79 222:3 223:16

8
8 4:3,10 139:1 241:3
80 72:7 199:12
80th 132:9
83 95:2,5
84 4:13
89 4:14

9
9 4:12 100:19 171:14
9:00 1:9 271:3
9:10 6:2
9:53 50:13
CERTIFICATE

This is to certify that the foregoing transcript

In the matter of: Trade-Distorting Policies Affecting Seasonable and Perishable Products

Before: USTR

Date: 08-13-20

Place: teleconference

was duly recorded and accurately transcribed under my direction; further, that said transcript is a true and accurate record of the proceedings.

[Signature]
Court Reporter