UNITED STATES TRADE REPRESENTATIVE

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

THURSDAY
AUGUST 20, 2020

The hearing was convened via video teleconference, 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
SONNY PERDUE, Secretary, U.S. Department of Agriculture

WITNESSES:

INTRODUCTORY WITNESSES:
REP. AUSTIN SCOTT, Georgia 8th Congressional District
REP. AL LAWSON, Florida 5th Congressional District
REP. BUDDY CARTER, Georgia 1st Congressional District
REP. JOHN RUTHERFORD, Florida 4th Congressional District

SESSION ONE:
GARY BLACK, Georgia Department of Agriculture
VINCENT "ZIPPY" DUVALL, American Farm Bureau Federation
GERALD LONG, Georgia Farm Bureau Federation
DAVID FISHER, New York Farm Bureau
CHARLES HALL, Georgia Fruit & Vegetable Growers Association
MICHAEL SPARKS, Florida Citrus Mutual
GOPI MUNISAMY, PhD, University of Georgia
CESAR GONZALEZ, Office of Congressman Mario Diaz-Balart (FL-25)

SESSION TWO:
JOSEPH CORNELIUS, JR., J&B Blueberry Farms, Inc.
RUSS GOODMAN, Cogdell Berry Farm
SAM WATSON, Chill C Farms
STEVE McMILLAN, Southern Grace Farms
THOMAS LaSALLE, Thomas Produce Company
WILLIAM BRIM, Lewis Taylor Farms, Inc.
RICHARD MINOR, Minor Brothers Farm
FRED LEITZ, Leitz Farms LLC
SESSION THREE:

REP. DOUG COLLINS, Georgia 9th Congressional District
BRIAN KUEHL, Farmers for Free Trade
JAIME CASTANEDA, National Milk Producers Federation and U.S. Dairy Export Council
JOHN BODE, Corn Refiners Association
LANCE JUNGMEYER, Fresh Produce Association of the Americas
JAIME CHAMBERLAIN, Greater Nogales Santa Cruz County Port Authority
WALTER RAM, The Giumarra Companies
RENE ROMERO, San Diego Customs Brokers Association
DAREN BAKST, The Heritage Foundation
GABRIELLA BEAMONT-SMITH, The Heritage Foundation
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9:02 a.m.

CHAIR KIMMITT:  Good morning and welcome to today's hearing on seasonal and perishable produce convened by the Office of the United States Trade Representative, the U.S. Department of Agriculture, and the U.S. Department of Commerce.

My name is William Kimmitt. I am counselor to the U.S. Trade Representative and I will be moderating today's hearing. This is the second of two hearings on this issue, and today's hearing will follow the same format as last Thursday.

Before we proceed with today's testimony, it's my pleasure to introduce United States Secretary of Agriculture Sonny Perdue to provide opening remarks for today's hearing.

SECRETARY PERDUE: Thank you, William, and since this is a hearing and not a talking, I'm going to be very brief because we want to
hear from our guests today, including our members of Congress that are deeply involved and interested in this issue, and I see a lot of friends here I want to hear from, as well as read their testimony if we're not able to stay for all of it, but this has been one of the more frustrating things that we've dealt with at USDA.

Obviously we're an export-focused organization and trying to build markets across the country, and I want to let you all know Ambassador Lighthizer was on the first hearing last week and I can assure you, as I told you, that the fresh fruit and perishable vegetable issue was on the USMCA table until the very end.

It became a red line in the sand for the Mexicans and we were not able to hold that, but nonetheless, we look forward to continuing to -- how we can mitigate the challenges that you all are facing.

We know they're real. We know that they're serious, and from a USDA/USTR/Commerce perspective, we want to hear from you today over
specific issues over unfair trade practices. We heard that a lot last week. We need to know more specifically how we can identify and really mitigate these unfair trade practices there.

We obviously, as an administration, don't want anyone preying upon our producers here, but honestly it gets into very much of a challenge from protectionism versus a very open and export-oriented country like the United States that's so productive.

And we depend on our profitability in many areas for exports, including blueberries and pecans, and other fruits and vegetables in that way, certainly blueberries.

And I think Under Secretary McKinney who was just telling me earlier this morning that we had opened up our blueberry exports to three countries in the Pacific Rim just in the last few weeks. I know that missed our Southeast season, but hopefully we can enjoy those, you know, going forward.

And certainly in the CTPAT program,
we're looking at the pecan issue and it's been a
great success story going into China, and we want
to continue that. While we don't build walls,
but we make sure people on both sides of the
border are playing by the same rules in that.

So, if you have instances or evidence
of unfair subsidies, unfair trade practices, I
hope you'll make that part of your remarks today
so we can follow up there.

Obviously our Commerce Department
through a 301 investigation can pursue that.
They're willing to. We don't want any of our
United States producers to be disadvantaged by
things that are, that can be proven that are
damaging them in that respect.

So, I appreciate all of you being
here. I appreciate my congressman, Austin Scott,
being on with us today, as well as our Florida
representatives, and Buddy Carter as well being
there, and I look forward to hearing them.

I look forward to hearing from our
Farm Bureau representatives in Georgia, Gerald
Long, and certainly our National American Farm
Bureau Federation, my friend, Zippy Duvall as
well, as well as a lot of friends in the
production space that I've known you for a while
and I look forward to your contribution today.

So, thank you very much for
participating. I know as a citizen sitting where
you are, I used to wonder was anybody listening,
and I want to tell you that we are.

Just help us figure out how we can
help and mitigate the issues that you're facing
and the challenges that you're facing into
something realistic that we can do under United
States law and trade policies. So, I look
forward to -- I want to thank you for allowing
me.

I appreciate Ambassador Lighthizer and
USTR setting this up, as well as the Commerce,
and Secretary Wilbur Ross was on last week, and
we want to pay close attention here so we can
resolve some of the challenges you're facing.

So, thank you, and I'm going to close
now, William, and I look forward to all of our
witnesses.

CHAIR KIMMITT: Well, thank you, Secretary Perdue. Now I'd like to briefly
reintroduce the three senior officials
representing USTR, USDA, and the Department of
Commerce here today.

USTR will be represented by Ambassador
Gregg Doud, the Chief Agriculture Negotiator for
the Office of the U.S. Trade Representative.
USDA will be represented by Under Secretary for
Trade and Foreign Agricultural Affairs Ted
McKinney, and the Department of Commerce will be
represented by Mr. Jeffrey Kessler, Assistant
Secretary of Commerce for Enforcement and
Compliance.

And additionally, we have
representatives from the U.S. International Trade
Commission who will be listening to the
testimonies presented here today.

We have a full day scheduled and we
will do our best to stay on schedule. So, with
that, I am delighted to begin our first session of testimony today and I would like to welcome our first witness, Congressman Austin Scott from Georgia.

REP. SCOTT: Thank you, and good morning. And Americans don't want to be dependent on the Middle East for fuel, China for pharmaceuticals, or Central or South America for their food supply.

Currently, the United States is fortunate to be one of the only countries in the world with an agricultural industry capable of feeding not only itself, but also its friends and neighbors around the world.

That is changing, and while America's large grocery retailers continue to post record profits, American farm families continue to stare at record losses.

One of the biggest issues American producers currently face is the challenge of combating dumping of foreign subsidized crops in the U.S. markets below the cost of production.
Stopping unfair trade practices against American farmers, specifically producers of seasonal and perishable crops, is vital to U.S. agriculture independence.

Unlike other crops such as corn, wheat, and rice, which I would also add are below the cost of production today, producers of seasonal and perishable crops do not have the option of storing their yields until market prices stabilize. From harvest to market, fresh fruit and vegetables must be sold in a narrow window.

In recent years, Mexico's increase of specialty crop exports to the United States under the North American Free Trade Agreement has had a profoundly negative impact on fresh fruit and vegetable sectors, resulting in a significant loss of U.S. farm revenue.

To a great extent, Mexican fruit and vegetable producers have been able to achieve this extraordinary growth because of unfair Mexican subsidies, making it nearly impossible
for American producers to compete.

When American farmers face import surges and foreign dumping of subsidized practices and products, U.S. import remedies have provided little to no relief.

That leaves American growers in important farming regions like Georgia and Florida and elsewhere far more exposed than they should be to unfair and often devastating import injury.

Measures to modernize U.S. trade remedies for our growers are long overdue. During the early rounds of the NAFTA renegotiations, the Trump Administration sought the ability for seasonal and perishable producers to pursue trade cases based on their U.S. marketing season.

Dozens of our congressional colleagues are --

(Audio interference.)

REP. SCOTT: -- economy in rural America. After years of bipartisan support for
seasonal and perishable relief improvements, this administration should be commended for taking the steps necessary to get those improvements done.

Mr. Secretary, I want to thank you for -- and I would like to simply conclude my remarks with thanking the American farmer and the American farm family for what they do to provide the independence that we as Americans have come to love.

CHAIR KIMMITT: Thank you, Congressman Scott. Our next witness is Congressman Al Lawson from Florida.

REP. LAWSON: Thank you very much, and I want to say hello to my colleague, Austin Scott. To the Secretary Purdue and Ambassador and Secretary Ross, please accept these following as my official written testimony for a virtual hearing your department will be holding on this trade-disturbing policy that may be affecting seasonal and perishable products in the United States commerce.

I have the honor of representing
Florida's 5th Congressional District, spanning over 200 miles of the Sunshine State's Panhandle from Gadsden County in the west to Duval County in the east. Home to over 590 acres of farmland, the 5th Congressional District is a microcosm of Florida's agricultural economic economy, including specialty crops such as tomatoes, melons, and peppers.

Over the decades, I have been keenly aware of the detrimental impact that unfair Mexican dumping policies have had in harming Florida's seasonal fruit and vegetable industry.

As you all are aware by now, specialty crops are critical to both Florida's agricultural economy and the state's overall liability.

Many of our fruit and vegetable producers compete with Mexican producers to provide fresh produce to consumers within the United States year round.

Instead of healthy competition, we have witnessed Mexican seasonal crop producers unfairly dumping their fruit and vegetables into
the U.S. domestic market well below market value. Such practices have consistently resulted in major economic injury of Florida's agriculture producers.

According to the report published by the Florida Department of Agriculture and Consumer Affairs, such unfair trade practices have shrunk Florida's share of the market by 40 percent, and from Mexico have ballooned by 217 percent in the past for them.

In 2019 alone, Mexican seasonal crop producers increased their share of the U.S. domestic market by 17 percent.

Over the decade, Florida's seasonal producer industry leaders, local, state, and federal officials have persistently rung the alarm about dishonest dumping of products by Mexican producers into a domestic market, specifically in the 116th Congress.

The Florida congressional delegation have come together to support legislation and policies to address the concern that this hearing
seeks to examine.

I serve as the regional cosponsor of H.R. 101, the Defending Domestic Producers Production Act. H.R. 101 will allow a relief mechanism that will defend relevant industry causes, cases involving seasonal and perishable products where the majority --

(Audio interference.)

REP. LAWSON: -- a group of states occur with a specific discretionary season.

I implore you all to review the pieces of legislation and other efforts set forth by the members of the Florida delegation as your agency continues to investigate this trend that is simply a matter of life and death for many of the farmers in the fruit and vegetable industry.

As a member of the House Agricultural Committee, I have sure assumed the responsibility of supporting the interests of Florida farmers and ranchers to ensure that they can thrive in the face of all challenges, whether they are natural or manmade.
The use of unfair trade practices by Mexican fresh fruit and vegetable producers is just one of these challenges that I am passionate about addressing.

I commend your respective agencies in taking action to examine the trade policies that are negatively affecting seasonal and perishable products in the state of Florida and elsewhere in the United States.

I look forward to working with you all to support and defend the domestic seasonal crop producers. Thank you very much, and it's really an honor to be able to bring this information before you. I look forward to us solving many of the problems as we move forward, especially with this pandemic as it's affecting our farmers and hurricane season across America.

So, I know we have a great responsibility at hand, and I know we have the right people in place that can take of it. Thank you very much.

CHAIR KIMMITT: Thank you, Congressman
Lawson. Next, we will hear testimony from Congressman Buddy Carter of Georgia.

REP. CARTER: Well, thank you, Mr. Chair. I appreciate the opportunity to present today.

And I want to begin my testimony by thanking the United States Trade Representative's office, the United States Department of Agriculture, the Department of Commerce, and the associated staff for their work in putting together today's hearing to discuss an issue that is vitally important to the ag community in Georgia.

While the initial hearing was scheduled to be in person here in Georgia, COVID-19 has caused necessary changes to the format. We are disappointed, but we certainly understand.

The passage of the North American Free Trade Agreement, NAFTA, was intended to set in motion new opportunities for the American agriculture community.

Growers were told that new doors would
open and new markets would become available for
the perishable fruit and vegetable products grown
here in the state of Georgia. Unfortunately,
those opportunities never materialized for the ag
community here in south Georgia.

The NAFTA provisions put in place to
protect against unfair trade practices, both the
monitoring section and the safeguards, proved
largely ineffective in stemming a flood of
cheaper Mexican products into the U.S. market.

For instance, on the monitoring side,
years of reports showed larger numbers of imports
of Mexican tomatoes, but failed to have an
effective mechanism to stem their dumping.

The Chapter 7 safeguards, another tool
intended to stem unfair trade practices, were
supposed to allow the United States to impose
quotas.

However, they never really
materialized due to lower rates. The lower price
points kept this provision from ever having an
effect on stemming Mexican imports of fruit and
While I appreciate the federal agencies here today and their efforts to assist American growers, it's important to note the large ag expansion currently underway in Mexico.

What began in Mexico in 2009 as a strategic project for protected agriculture has continued as a targeted development of industries that will compete directly with Georgia growers.

Through subsidies provided by the federal government and labor costs a fraction of U.S. standards, they have continued to facilitate an increasingly imbalanced trade relationship for fruit and vegetables.

In a report published in August of 2019 by the University of Georgia regarding the trade impact for Georgia crops, several interesting points continuously came up.

One, between 2005 and 2016, the blueberries grown in Georgia were significantly outpaced by the imports of non-strawberry berries from Mexico.
Similarly, the imports of vegetables nearly tripled while Georgia's growers saw modest growth. As a result, blueberry and vegetable growers in Georgia are at an increasingly large disadvantage compared to Mexican imports in these categories.

Modeling done by the University of Georgia forecast significant losses in income for some of the counties that I represent under catastrophic damage scenarios.

For instance, Clinch County could see a 40.3 percent drop and Echols County could see a 46 percent drop under a catastrophic damage situation. This was projected under a scenario in which imports of Mexican blueberries and vegetables continued without an offset or response.

These numbers show that Georgia growers will continue to be seriously impacted unless action is taken to correct the market imbalance. Georgia is on track to potentially lose roughly $1 billion in economic output and
over 8,000 jobs unless something is done.

While we appreciate the commitments made by USTR in writing to members of Georgia and Florida delegations, we cannot afford to sit back without the appropriate corrective action.

Georgia's number one business is agriculture and it represents significant economic growth in rural counties such as those in my district.

Georgia farmers are struggling and now is the time for USTR, USDA, and Commerce to take these testimonies into account and support American industry and jobs.

There is an opportunity to utilize the tools you've laid out to bring balance to a trade relationship that has been increasingly skewed against American growers.

I thank you for your continued work in this space, for hosting this hearing, and for efforts to assist my constituents in counties otherwise.

As you have acknowledged, we look
forward to USTR's help, your plan to help resolve
the seasonal import issue in the southeast.
Thank you very much again and I yield back.

CHAIR KIMMITT: Thank you, Congressman
Carter. We will next hear testimony from
Congressman John Rutherford of Florida.

REP. RUTHERFORD: Thank you very much.
Mr. Secretary, I really appreciate you. And I
miss our opportunities to get together for the
Florida-Georgia football game here in
Jacksonville. But hopefully we'll get to do that
again one day.

I want to thank you for this
opportunity to testify at today's hearing and
discuss these critical trade issues which effect
so many in our nation, but especially Florida
growers.

And I also want to say thank you to
Ambassador Lighthizer -- and Gregg, if you'll
take that to him. We really appreciate his work
as USMCA was being looked at. We appreciate his
work on that. And that sets the standards of
fairness between the U.S. and neighboring counties. And sometimes -- and something that most previous trade agreements did not do, so we appreciate that.

As I mentioned, I'm the proud Representative of the Fourth Congressional District of Florida, in a state that's, quite frankly, been taken advantage of by Mexico's unfair trade practices against seasonal and perishable producers for years.

Agriculture is essential to Florida's economy, just like Georgia, generating $131 billion in total economic impact and providing nearly 1.4 million jobs.

For decades, the Mexican industry has shipped government-subsidized -- and I want to repeat -- government-subsidized produce into our domestic agricultural markets, threatening fresh fruit and vegetable producers by pushing down the market price for their goods. As we know, these producers do not have the option of storing their goods until a stable market. And that puts them
at a significant economic disadvantage.

To this day, seasonal and perishable
producers continue to experience significant
financial loss. Recent economic data indicates
that 83 percent of Florida fruit and vegetable
crops have lost significant market share over the
past two decades to Mexican competition. As a
result, numerous producers have been forced to
walk away and shut down their farms, many of
which had lasted for generations.

And the markets are pretty broad that
we're talking: strawberries, blueberries that
were mentioned earlier, tomatoes, bell peppers,
sweet corn, and all of this while Florida
continues to grapple with this trade
disadvantage.

Mexico's fruit and vegetable shipments
have increased by over 500 percent since 2000 to
2017. Five-hundred percent. In contrast, due to
Mexico's unfair market practices, Florida
industries lost sales were upward of $2 billion
over this same period of time.
Now, the coronavirus, which was mentioned earlier also, has demonstrated to us the vital importance of a steady food supply during times of need, which our farmers and producers have stepped up to provide. The United States agricultural economy not only has the power to feed its own citizens, but also countries in need throughout the world. Now is a critical time to support our farmers and producers by offering import remedies to this ongoing issue.

I commend the Administration for keeping the lines of communication open to hear these experiences, and properly address Mexico’s illegal dumping, and again, their government subsidized produce.

It's critical that our producers are given the means to wade through this public health crisis by ensuring equal access to free and fair competition. We're not afraid of competition in America. We just want it to be free and fair.
And that's what we're asking for. The USTR has the measures to bring about a meaningful change through the authority granted under Section 301 of the 1974 Trade Act.

And Section 301, as you know, provides USTR with the means to investigate, respond, and resolve trade issues between domestic and foreign entities that negatively impact on U.S. commerce.

And I respectfully request USTR to use that authority, as we talked about before the passage of USMCA, use that authority under Section 301 to provide relief to those affected. Or, pursue a procedure that delivers equally effective timely, enforceable, and industrial -- industry appropriate relief.

So, I want to thank you again for this opportunity to testify. And I look forward to working with you on this issue, and finding some suitable remedies that address these important matters.

I yield back.

CHAIR KIMMITT: Thank you, Congressman
Rutherford. We'll now go to what's been identified as Session One in our schedule, beginning with our first witness, Commissioner Gary Black from the Georgia Department of Agriculture.

And Commissioner Black, I think we may have a couple of follow up questions after your testimony concludes, as time permits, if you'd be willing to stick around for those.

So, with that, I turn it over to our first witness of this session.


Good morning everyone. Ambassador Doud and Secretary Perdue, it's so good to see you today.

I think I made the right choice of ties today. So, we're just a little different color today, although the same one.

But many distinguished professionals with the Office of the U.S. Trade Representative. And certainly our professionals with the Department of Agriculture, Department of Commerce, members of Congress, and my fellow
leaders with state departments of agriculture and our agriculture industry.

Ladies and gentlemen, I'm Gary Black.

I'm pleased to have the opportunity to serve as Commissioner of Agriculture for the State of Georgia.

And I'm very grateful to be included today, and for the focus on this very important topic. Trade is the ultimate health monitor for America's agriculture.

Intentional regular fair trade ensures physical and economic health for our producers. Dysfunctional, unreliable illegal trade can be life threatening for every farm family in America.

I'm blessed with generally pretty good health. And as of today, 62 years of it. But, occasionally I still have a headache or a round of sniffles.

Most of us work through these symptoms without taking time off. Sometimes this ailment grounds us longer.
Such is the case, I think, with trade agreements. All of them seek noble goals. None of them are perfect.

But, the goal is good trade health. Here or there though, there will always be a cough, which might be a food safety question, it might be a sprained ankle, which could be some strange geopolitical relationship.

But, I think we all agree that trade health and agriculture vitality are interdependent, and they're intricately woven together for our general good, and for that of our trading partners.

We live in a very precautionary time. As never before, we're all guarding our personal health.

Many fear for their health. But my sense is that most people are trying their best to restore regular activity. Though normal/normal, is not likely, if ever again, to be normal.

My growers tell me this is precisely
the way they are approaching current trade
topics. The fear I just mentioned is real.

Producers are concerned about a trade
pandemic that could destroy their livelihood.
Some feel they're already experiencing those
symptoms.

It's time that we guard our trade
health. Blueberry, vegetable and pecan producers
desire fair trade.

They promote -- they produce and
promote wonderful products. To them,
sustainability means being a good steward of
God's resources, but it also means that quote,
I've made enough money this year that I can farm
next year.

They have farms to pay for, children
to educate, Sunday school classes to teach, and
sports teams to coach. Accomplishing these
objectives hangs a bit in the balance dependent
upon fair trade.

Their general opinion is that free
trade has always been a bit of a misnomer because
it's only free if you're not the one who's paying. And someone does pay.

Stated differently, they feel that they're paying by being the blunt of unfair practices, including discrepancies in labor, environmental and food safety standards. So, it never really has been free for them.

They know that stronger domestic marketing is one over-the-counter tonic that can help the vital signs.

But, for all of my friends on here today, we are strongly support and appreciate Ambassador Lighthizer and the entire Secretary Perdue and everyone who is striving for a very strong seasonal import plan.

We think the time is now. And it's just at the right time. We believe that this will be the prescription that can really dictate general wellness in the future.

I believe everyone on today's panel believes that you're committed to a vibrant and strapping agricultural economy.
As our physician though to our friends at USTR, you're our physician for Southeastern Producers, and for Georgia Grown Producers. And we urge you to prescribe a very strong seasonal import plan.

Backed by the full cooperation and integrity of the federal government, a properly implemented plan will bolster the immune system of our growers, giving them confidence to fulfill their homeland security responsibility, and that's feeding people.

I want to thank you today for recognizing that producers face a problem, and it is a real danger. I want to thank you for considering these important mitigation steps.

We believe that if the doctor's orders are followed, and if they're enforced, and if we control the variables that are within our power, we can enjoy prosperity and good health for generations to come in American agriculture.

Thank you so much for the opportunity to join you today.
MR. DOUD:  Well, good morning, Commissioner Black. Thank you for your testimony. Good to see you.

MR. BLACK:  Yes, sir.

MR. DOUD:  With regard to the health of your farmers, I wondered if you could give us a read out quickly of the economic health of your produce farmers there in Georgia?

MR. BLACK:  Well, thank you for that. I mean, we're a bit encouraged this season, simply because one of the odd things we were very, very worried going into this season, COVID strikes, and you're kind of wonder, how are you going to respond during COVID?

And I'm thankful consumers have responded quite well across many of our fruit and vegetable commodities this spring. I think some of that marketplace is going to change in the future.

We've done some things with direct marketing that's kind of opened the eyes. Some
of our producers, even some of the presenters
today have some unique ways to market.

    But still, I think one of the
vulnerabilities this year was blueberry. We had
some good weeks.

    But then we had an enormous influx of
blueberries from Mexico that it's a little
disheartening when you go to the -- direct into
the middle of the blueberry belt, and you see in
the big box stores Mexico from blue -- you see
blueberries from Mexico right in the middle of
our season.

    That's -- we can still do a better job
hopefully working with some of those retailers
to, you know, to enhance our brand and try to
encourage and actually consumers -- a lot of work
to do still on consumer demand, because consumers
don't derive what happens at the retail level.

    But still, so I think most -- many of
our growers came out pretty good this spring.
But, still faced some challenges with different
types of products.
But, certainly if we'd not had that increased consumer demand this year, facing what could have been some real devastating things come in with the, with some of the still ongoing heavy supply coming across the border.

MR. DOUD: Thank you, Commissioner.

Under Secretary McKinney?

MR. MCKINNEY: Yes. Am I coming through okay, Ambassador Doud?

MR. DOUD: Yes, you are.

MR. MCKINNEY: Great. Commissioner Black, it's good to see your face. And using your analogy, which I liked a great deal, it's good to see the physicians.

And by extension, I and this speaker, I want to share with this as well. Also, looking and this is very moving.

We've been registering all of the different parts and commodities that seem to be affected by the competition from Mexico. This is the first time I've heard of the prime, earlier has been for vegetables.
Would you elaborate on the forms just a little bit for us?

MR. BLACK: Sure. Well, first in all due respect to whoever might be listening across the country, we're going to be pretty heavy promoters of the best of the best pecans on the face of the globe, and that's grown right here in Georgia.

And there is a significant difference from imported product. We're a -- domestic competition has really picked up, I would say, the last two, three, four years.

And it just, it has driven the price down. But, we probably still have some work to do with taking a premium product versus something that's basically a commodity, and you know, that's on our shoulders.

I'm going to -- we're going to take that responsibility, and do an entire -- we're doing so, as you know, in Taiwan right now, and some other places to try to open up some export markets.
But when you're having to compare the quality of products versus what, you know, people see something they might see from Mexico, and they see one of ours, and they say, well, I've never seen this before. So, we'll compete in that area.

Going forward with the trade agreement, it's really an iceberg head that we haven't hit yet. Because as they continue to -- continue to plant, continue to expand production down south of the border.

That iceberg is growing every day, and really with unhindered access direct to our market year around, but you know, certainly during production, during the production season.

We just -- I see that as a tremendous threat. And I know our producers do. But, I've said this at several forums, and occasionally get a question like you just asked.

Like a wait a minute, I haven't heard about it. I hadn't thought about that. And not that you all have.
You know, I think that's still a
looming thing that we're -- and I'm deeply
concerned about. And I think our pecan producers
are too.

MR. McKINNEY: Thank you. I'll make
sure to add all these to the list of other
products. Most of them fruits or vegetables.

So, thank you so much.

CHAIR KIMMITT: I think Commissioner
Black, we have time for one more question. And
Assistant Secretary Kessler has one.

MR. BLACK: Yes, sir.

MR. KESSLER: Yes. Thank you. And
good morning Commissioner Black. Thank you for
being here.

MR. BLACK: Good morning.

MR. KESSLER: Thank you for your
testimony.

I might just say that I'm an
enthusiastic consumer of many of the products
that you've mentioned from Georgia. So, I
appreciate your being here.
I wonder if you could go a little bit
crop by crop, product by product, and let us
know, you know, for which category of producer is
the need for most urgent?

And to what extent is the harm they're
fearing with trade as opposed to other products?

MR. BLACK: Sure. Yes, sir. And
thank you. Well, it might be a little, let's --
it might be good to stop, start with the, where
maybe from the least to where we have the
greatest concern.

And if peach doesn't give us the, you
normally think of Georgia when you have that
commodity. That's not up right now. I don't
think there's a particular concern.

When you get into other, you know, the
fresh fruits and vegetables that we have,
certainly I think blueberry leads the top of the
list as far as the greatest concern.

We are producers and some of our
friends are all, the additional presenters today
are producers of A to Z literally. Some are here
have tried asparagus.

   But certainly, they're very proficient
with zucchini. And we face extreme pressure from
all of those in between, you know, tomato, I
think we've even seen green bean pressure this
year.

   But certainly the squashes and
cucumbers, those general field vegetables that
we, and our industry has really grown the last
20, 25 years. And we've been successful in
building a pretty good foothold on this Eastern
to Midwest market.

   But, it just, it just hit. What we've
seen south of the border hit our window. And you
know, it's a -- interesting to see many times
those are, you know, are companies that run
across the border.

   They might be American companies
there, they have the investment there. And
that's a -- that's one of those things where we,
where you know, we won't see our market window
strengthened and hopefully just not abused. I
think that's a really good word.

And I've seen some of our, you know, when you see our producers have a, you know, a two, or three, or four days of strong markets, and then all of a sudden that flood gate opens. And it has a crushing impact.

We're just hoping that maybe some of that, some of that behavior can be corrected by this import plan.

MR. KESSLER: Thank you.

CHAIR KIMMITT: Thank you, Commissioner Black. And thank you for your testimony today.

We will now turn to our next witness. Our next witness is Mr. Zippy Duvall from the American Farm Bureau Federation.

MR. DUVALL: Good morning gentlemen and ladies. I appreciate the opportunity to come before you today.

First off, I know a lot of you that's sitting, Ambassador Doud, Ambassador Lighthizer, Mr. McKinney, all of you all, we've had many,
many discussions about this topic. And we appreciate the opportunity to talk about that again today.

But first thing I want everybody to understand is I'm a farmer. My son and I have about four hundred calf/cows here in Georgia. We just sold three loads of calves that went out Nebraska to be fed out.

We also grow about a million and half of boiler chickens every year under contract with Pilgrim's Pride. So, I'm very proud to be very deeply involved in agriculture today.

So, I speak from experience, current experience as a farmer, and how we know how important trade is. So, thank you for holding this hearing on the impact of Mexican surges of certain agricultural imports.

This has been a longstanding problem. This problem didn't come on because of the pandemic like we're blaming most things on.

And first, I want to -- I want everyone to know
that we as farmers and ranchers, the American
Farm Bureau, we support trade.

We have been very involved with USTR.
And expressed to them how much we appreciate all
the work they've done. And we support what this
Administration has done to help work on trade
issues.

Mexico and Canada continues to be a
critical part of our trade portfolio. And being
the number one and number two countries that we
trade with.

And we work hard with all of you all
to make sure that we develop those markets over a
long period of time. We support this new
agreement of the USMCA.

It is a good agreement. It's improved
over NAFTA. And if it continues to grow like
NAFTA did, it will be tremendous for the American
farmer and rancher.

However, our farms that grow seasonal
crops are left out. And we heard referenced
earlier this morning, it was on the paper, on the
table to the very last minute, and it didn't make it.

Why? We're not real sure. We'd love to know what eventually kept it off the table. You know, was it because it's just a smart, a short marketing season?

But the things that we do know, is our farmers and ranchers do not, that are growing fruits and vegetables, are not on a level playing field.

They're competing against countries that have a lot of cheaper labor. Where we do not, and do not want to, and that we can't here in our country.

And a lot more regulations that our farmers that are growing fruits and vegetables that you see in other parts of the world. So, especially in the countries that we're referencing this morning.

So, as we went through this pandemic, we realized, we have discovered, our American people are very, very interested in where their
food comes from.

They're very concerned about the food chain. And they consider us a national security issue.

And they also have learned that they want to buy local. They want to buy American grown stuff.

So, it is important that we try to find the solution to this problem. Our AFBF believes that a, that a seasonality provision could and would work for our farmers that grow fruits and vegetables.

If you go look at our policy book, and all of you that know Farm Bureau know our policy comes straight from the farm, from farmers. Our policy says that we support changes necessary to allow seasonal crop producers to bring antidumping and countervailing duty cases.

And it gives us the opportunity to find some solutions to these problems. If we don't fix this problem, and it continues to further harm our producers across the country,
you'll see our domestic producers, you'll see an 
erosion of farmers' support for, support and 
trust in trade agreements.

And that wouldn't be good for any of 
us. That wouldn't be good for any commodity or 
any farm anywhere. Or other countries.

So, we need to find a fix for this 
problem. We, and if you see the list of people 
that's going to testify today, of course my job 
is to represent all farmers across America 
regardless of how big or small or what commodity 
they grow.

And if you look at the list of people 
that's going to testify today, this is not just a 
Southern or Southeastern problem. It reaches up 
into New York.

It reaches up in, I think we had some 
New England people testifying on the first 
hearing. And I also know that I've heard 
concerns from Michigan.

So, this problem exists all over our 
country when it comes to fruits and vegetables.
So, thank you so much, USTR.

Thank you, Secretary Perdue for allowing us here. To be able to voice our concerns.

And I really do appreciate the working relationship that we've had with USTR and USDA during this Administration.

Having a seat at the table helps you make better decisions that affect farmers and ranchers and our neighbors, consuming neighbors around us.

So, thank you from the bottom of our hearts. We look forward to continuing to work with you on these seasonal issues.

And hope that we can find a solution for our farmers that are participating in that area.

CHAIR KIMMITT: Thank you, Mr. Duvall. I think we have time for a few questions. Under Secretary McKinney, do you have any questions for Mr. Duvall?

MR. MCKINNEY: Yes. President Duvall,
it's good to see you. And good to -- you look very healthy. So, thank you.

Greg, am I coming through? I understand the last question was a bit garbled.

MR. DOUD: Yeah. I think when -- the key thing here is when we're not speaking, get it on mute so we don't get feedback from the other person.

MR. MCKINNEY: Great. Well, I'll go ahead. Well Zippy, thank you. And you're in a tough position representing all farmers with all the differences in seasonality and variation and numbers and diversity of crops. So, I respect that.

One of my take-aways or observations from the last hearing, and I'm looking for that from this hearing, was the rather stark difference between what we heard from the Southeast producers, where clearly we've seen, we've heard. I have little doubt that there's a world of hurt. Got it.

But, I was surprised that from the
Southwest and West, it seemed like it didn't even exist. And I just don't get that.

You probably no doubt have these competing discussions within Farm Bureau, or at least I'll assume you have. Can you comment on that incredible dichotomy and help me out just a bit?

MR. DUVALL: Well, realizing you understand this Mr. McKinney, that our policy comes from our grassroots.

Those farmers -- and the only explanation I really have for that, and I can't actually quantify it, but you know, a lot of our producers out West are larger producers.

And a lot of them, they started approaching these problems of seasonality, went into Mexico and created their own farms down there.

So, if they had the same opinion that we do in the Southeast, or other parts of the country that's having problems with seasonability, they would be helping one hand and
hurting the other in some way or fashion.

So, that's the only explanation I have. I'm sure my staff may have some others. And if I asked this question of them, we'd have different answers.

We'll make sure and forward that on to you.

MR. McKINNEY: Thank you. I'd love that. Because I know that -- I know how genuine, and frankly frank the group is that shares that with you.

So, thank you. I would love that.

MR. DUVALL: Sure.

CHAIR KIMMITT: Assistant Secretary Kessler, do you have a question for Mr. Duvall?

MR. KESSLER: Yes. Good morning and thank you for your testimony. I'd just like to ask you to speak a little bit about what you would like us to do?

What you would like the Administration to do to provide some relief? I know in your written comments you talk a little bit about
possible changes to the law, which would be up to Congress.

What are you asking for from the Administration? Are you asking for import restrictions? Or exactly what?

MR. DUVALL: Well one, and I think you are doing this, is trying to make sure that other countries have to abide by the same or similar rules and regulations and wage rates that we do here.

And I understand, we just spoke to the Ambassador, or the Secretary of Commerce down in Mexico, and she told us that they're seeing increases in their labor wages in Mexico.

So, I know there's a lot of work going on there. We very much appreciate that. But realizing that fruits and vegetables are a short marketing season, we feel like there still could be some agreement between the United States and Mexico during that short period of time that might help our farmers in that time.

Because of the short growing season,
the American people want and deserve to have
fresh fruits and vegetables from all over the
world, whether it be Mexico or somewhere else.

And we surely don't want to interfere
with that. But, just during that small short
marketing season, there needs to be some kind of
agreement between the two countries. Or a change
in policy that might encourage that.

MR. KESSLER: Thank you.

MR. DUVALL: And just the last thing,
and I'll be glad to go over with my economist and
my staff. And we'll work on something that is
more compliant and that maybe can help a little
bit better.

CHAIR KIMMITT: Well, thank you, Mr.
Duvall. And thank you for your testimony.
We'll now turn to our next witness,
Mr. Gerald Long, from the Georgia Farm Bureau
Federation.

MR. LONG: Well, thank you. Can you
hear me okay?

MR. DOUD: Yes, sir.
MR. LONG: Okay. Well, I want to thank each one of you all for allowing us to be here today to testify on this very important issue.

My name is Gerald Long. And I, along with my son Justin, my oldest son, and myself, we are diversified producers from Decatur County, Bainbridge, Georgia, which happens to be right in the corner of Georgia, Florida, and Alabama.

Where we raise row crops, vegetables, and cattle, while operating an extensive you-pick business. I'm not here today to speak solely on my farm.

As Georgia Farm Bureau's President, I'm here on behalf of all of Georgia's farmers. So, with that being said, I went to thank you all for being here today and holding this field hearing so that myself, and other industry representatives and growers in Georgia, have the opportunity to share with you all concerns about the state of our fresh fruit and vegetable industry.
Much like our friends in Florida, who you all have heard from last week, and as maybe from by the Commissioner of Agriculture already this morning, Georgia's season on perishable commodities production has been, and continues to be, directly affected by Mexican imports due to our shared market imports.

And our distributions are struggling to compete against heavily subsidized Mexican imports. These consistent unfair market practices Mexico has been utilizing, that undercut American farmers must be addressed.

NAFTA failed to provide protection or a remedy for our seasonal and perishable commodities producers. And the newly-established USMCA effectively followed suit.

As you know, the $5 billion agricultural safe trade deficit with Mexico is largely due to the import of fruit and vegetables.

As a leading producer of these commodities, great pride is taken in Georgia's
seasonal and perishable commodity industry. Our producers grow some of the highest quality produce in the world.

Fruit, vegetable and nut production combined provides over 26 thousand jobs and over $4.5 billion to Georgia's economy. Mexico has shown very little interest in refraining from exporting fruits and vegetables into the U.S. during our marketing season.

And we all are aware that efforts to address this issue during the USMCA negotiations were a major sticking point for Mexico.

We continue to believe that it is the responsibility of our elected officials and those in federal agencies to ensure the American farm can complete on a level playing field.

And despite the efforts to date, the members of the Georgia Congressional Delegation and many of our trade negotiators at the USTR, the playing field remains anything but level in this case. Let me assure you, the threat to Georgia's fruit and vegetable abuses, is real.
And as you know, a recent economic impact statement from the University of Georgia, projected catastrophic losses in this industry and the USMCA if nothing is done to mitigate Mexico's unfair trade practice.

And like USMCA economists and others in our industry, I'm afraid that we will continue to see more cases and severe losses in our local economy if action is not taken soon.

As you all know, Georgia producers refuse to sit idly by. Over the years, we have become more vocal with elected officials on this issue, while also urging consumers to shop locally.

We have been promoting Georgia grown fruit and vegetables at every opportunity that we have. It is time that we as a state and as a nation, that we come together and support one another.

We urge the United States Trade Representatives to use any means necessary to limit Mexico's unfair trade practices, including
consideration of a Section 301 investigation.

As our fellow grower from the state of Florida voiced last week, we also support the collection and use of seasonal data which will demonstrate the impact that Mexican imports continue to have on Georgia fruit and vegetable marketing season.

And for growers, we can demonstrate an injury resulting from unfair trade practices, to have an opportunity to bring an antidumping and countervailing duty case.

In the end, USMCA's failure to provide adequate protection by this industry, must be addressed as the viability of many family farms in Georgia is at stake.

So again, I want to thank each one of you all for allowing for us to testify on behalf of all the farmers in Georgia. Thank you very much.

MR. DOUD: Well, thank you, Mr. Long. And good morning. I want to have you further discuss this notion that you're seeing farm
closures and severe losses in Georgia with your fruit and vegetable folks.

Could you give us some more context and detail on that? How many operations have closed?

What -- do you have a number on economic losses? Give us a read out, or a deeper dive on where things stand with your folks this days.

MR. LONG: We would have to go get that to you. I do know personally of farms in our area, particularly tomato growers, who have gone out of business.

As myself, as you heard in my testimony a few minutes ago that we have an extensive you-pick operation, we were in commercial production for a number of years.

We've migrated to you-pick because of two main reasons, label issues and competition. Being able to compete with the Mexican trade. We had to establish a different market for us to be able to stay on the farm. So,
that's personal for us.

We've had to develop that. And now we are, you know, our customers, our biggest base is in a 60 to 70 mile radius of Bainbridge.

But we extend as far as -- we get customers as far away as Texas, the Carolinas, Tennessee, and South Florida even. So, we had to develop a different market to be able to stay in vegetable production.

MR. DOUD: Thank you, go ahead.

CHAIR KIMMITT: Yes. Thank you. I think we have time for one more question from Assistant Secretary Kessler.

MR. LONG: Yes, sir.

MR. KESSLER: Thank you for your testimony, Mr. Long. And good morning.

MR. LONG: Good morning.

MR. KESSLER: If you could just comment a little bit on how big of an impact do you think it would have if this Administration -- well, --

(Audio interference)
MR. LONG: I've lost him.

CHAIR KIMMITT: Yeah. I think we lost Assistant Secretary Kessler as well. And I'm just mindful of the time, I'm looking at. I think our time is up, and appreciate your testimony, Mr. Long.

We will now move to our next witness, Mr. David Fisher from the New York Farm Bureau.

MR. FISHER: Thank you. Is this working?

MR. DOUD: You're good.

MR. FISHER: Thank you. On behalf of the New York Farm Bureau, thank you for providing our organization the opportunity to testify on trade restoring policies and practices of seasonal and perishable products in the U.S. commerce.

I am David Fisher. I serve as President of the New York Farm Bureau. We are the state's largest general ag advocacy organization with approximately 20 thousand farm family members representing farms of all sizes,
production methods, and commodities.

As a major specialty crop producing state, New York farmers rely on fair practices and fair prices to ensure income from the sale of their products.

I'd like to thank the office of USTR, Department of Commerce and Ag for the opportunity to discuss these policies on seasonal and perishable crops, including New York's farmers.

And has led to unfair pricing in domestic markets. Specifically, New York Farm Bureau members have concerns regarding unfair trade practices by Canada regarding the sale of fruits and vegetables into the U.S.

These actions have resulted in negative financial impacts, not only for New York farmers, but farmers located across the entire east coast as well as across the country.

Unfortunately, New York farmers are not able to receive a fair price or a fair market when fruits and vegetables from Canada are out competing U.S. farm produce at the market.
While our members believe in open and competitive markets, artificial price reductions do not allow for these conditions to exist.

There is a pattern of Canadian produce entering the U.S. market followed by New York produce prices plummeting, which has happened far too often. And at price levels that raise questions as to how these Canadian farmers continue to stay in business.

There is concern that unfair subsidization of Canadian produce is occurring, which makes it possible and profitable for Canadian farmers to ship and sell produce in the U.S. either as country export or through individual provincial programs.

As a dairy farmer who lives seven miles from the Canadian border, I've seen similar tactics used by Canada to control ag markets for years. For example, I was a class six and class seven.

They also allowed Canada to offer certain types of dairy products at lower prices
During my time as President of the New York Farm Bureau, I've heard from New York farmers regarding price disparities that they've experienced at the markets on the East coast, including the Hunts Point Produce Market in New York City.

Onion producers have recorded that for at least ten years, imported Canadian onions have flooded domestic United States markets at prices that make little or no sense from a cost of production perspective.

The New York farms who sell at wholesale markets, typically sell onions in 50 pound bags. Onion growers in Orange County outside New York City, are offered around $7 for a 50 pound bag of medium yellow, and $11 for medium reds.

But the growers upstate sell to Orange County repackers, they typically receive $1 to $1.25 less due to transportation costs.

At a minimum, New York onion farmers
get $10 to $12 for yellow onions to break even. Which means being paid $7 for a 50 pound bag financially difficult for farmers to survive, while Canadian producers undercut the market and appear to be doing well.

On Long Island, farmers produce a better selection of leafy greens for sale at the Hunts Point Market. However, when they sell boxes of lettuce and other greens they're faced with a market flooded with cheap greens from Canada.

Some are (audio interference) producer reported of Canadian romaine lettuce being sold for $7 FOB. The average price that Long Island farmers were expecting to receive of that same romaine lettuce was approximately $15 per box, which means that the producers are receiving about half of their normal pay.

Simply put, New York farmers can't afford to sale at the prices Canadian producers are able to sell and expect to stay in business.

As further requests come at the USTR
to tell the Administration, we can better support U.S. producers that have been impacted by unfair practices and unfair harm.

The New York Farm Bureau supports the following steps that USTR could take to stop these practices. Changes to antidumping and countervailing duty laws would provide a process for regional, seasonal industries to petition for antidumping and countervailing duties.

A streamline of simplified process would be extremely helpful for producers and organizations wishing to file a petition.

In addition, it would be helpful if multiple commodities could be grouped into one petition. This would allow impacted producers to work together when they're facing detrimental price impacts.

We also support a change to the time frame and data used to determine dumping that recognizes domestic specialty crops and regional seasonal industry production cycles.

In addition, New York Farm Bureau also
requests implementation of timely dispute
resolution process that would take into account
perishability, seasonality, and regional
production of products.

It's important that USTR, USDA and the
Department of Commerce work with industry
representatives to provide timely, aggressive
response to any infringement of trade benefits.

Again, New York and the East Coast ag
industry depends upon and supports free trade.
But also firmly believes in fair trading. Trade
agreements must be honored to protect domestic
farmers from unfair practices and dumping.

Thank you again for allowing me the
opportunity.

CHAIR KIMMITT: Thank you, Mr. Fisher.
I think we have Assistant Secretary Kessler back
online with us.

And if he has a question for Mr.
Fisher, please go ahead, Assistant Secretary.

MR. KESSLER: Thank you. Good morning
Mr. Fisher. And thank you for your testimony.
I'd just like to ask if you could expand a little bit on this dispute resolution process that you mentioned?

What exactly are you envisioning? Is that something that would be done, you know, under U.S. law? Or through USMCA?

Can you just give us a better idea of what you're -- of what you have in mind?

MR. FISHER: I'm not sure that the USMCA could change that. But, I think our triggering mechanism that would better allow timely evaluation of these things, so that we can, you know, have a quicker turnaround on concerns and complaints if they were legitimate or they weren't.

CHAIR KIMMITT: Okay. Thank you for your testimony, Mr. Fisher.

We'll now turn to our next witness, Mr. Charles Hall from the Georgia Fruit and Vegetable Growers Association.

MR. HALL: Ambassador Doud and Secretary McKinney and Assistant Secretary
Kessler, again, thank you for this opportunity.

   My name is Charles Hall. I'm the Executive Director of the Georgia Fruit and Vegetable Growers Association.

   Thank you for taking your time this morning to hear our concerns regarding the crisis our fruit and vegetable growers face as they struggle to have a profitable farm operation while being devastated by Mexico's unfair trade practices.

   Georgia growers raise over 30 different fruits and vegetables, serving the entire U.S. market, with a farm value of $1.1 billion. Collectively making us the largest, second largest of Georgia's cash crop.

   Our growers politely appreciate Ambassador Lighthizer's commitment to Georgia and Florida Congressional Delegations to announce their plan to implement effective and timely remedies to our situation within 60 days of USMCA going into force.

   This plan is desperately needed. Over
the past 20 years, imports of fresh produce from
Mexico have grown tremendously.

The pattern has now shifted from
undercutting our growers financial and
competitive health, too now threatening our
industry's very survival.

Since 2001, we have seen Mexican
imports of fresh produce, fruits, and vegetables,
increase by 551 percent. In 2019 along, Mexican
imports of fresh produce, fruits, and vegetables
had a market value of over $15 billion.

This all started in 2001. The
government of Mexico identified protected
agriculture produce as an important economic
growth opportunity, and decided to subsidize that
expansion to promote that for competitiveness.

The Mexican government poured millions
of dollars into the development of various forms
of protected agriculture, including greenhouses,
shade houses, micro-tunnels, and macro-tunnels.

In 2003, Mexico had roughly three
thousand, excuse me, three hundred acres of
protected agriculture. By 2019, following more than a decade of direct subsidies, Mexico planted protected fruit and vegetable acres have soared to almost 130 thousand acres.

That's a 400 and -- excuse me, a 43 thousand percent increase in protected agricultural acreage. Today, almost 80 percent of Mexico's produce is grown under protected structures, and is destined for U.S. markets.

An economic study by the University of Georgia in 2019 projected that if the current Mexico import level and pricing plan continued under U.S., under the USMCA treaty, the result will be catastrophic for our growers and for the state of Georgia.

Within five to eight years, the full impact of the USMCA will be unrecognizable, with the Georgia economy likely to lose nearly $1 billion in annual economic output, and eight thousand jobs in our state will be lost.

These projections do not take into consideration the multiplier effects on the rural
communities that depend on our fruit and vegetable growers and their economies. We're talking about devastation that reaches well beyond the farm gate.

Our growers are going to fight for their survival. We're very glad that you're here now with us. You all are in a position that is best positioned to figure out how to control this crisis.

As we got into the advocacy against the USMCA, one of our association members said to me, Charles, I can control or overcome any production challenge you throw at me, weather, drought, disease, insects, even government regulations. But the one thing I cannot do for myself is overcome unfair competition from Mexico.

So, we need your help. We need an all of the above strategy. We need a commitment from the U.S. government to defend the interest and the ability of our southeastern fruit and vegetable growers to be able to survive in the
short term, and thrive in the long term.

Last week our fellow growers in Florida asked you to institute a 301, a Section 301 concession, which we fully support 100 percent.

An affirmative recommendation under Section 301 would give to us access to all the tools we and you need to address the problems of all, not just certain commodities, but all perishable fruits and vegetable products we're facing.

And in addition to requesting a 301 investigation, we need you to identify and utilize every import relief tool available. With that in mind, we ask you already, to use the already established base trade enforcement offices at USTR.

It's that outstanding task force focused on finding a way to use existing law to save our southeastern seasonal produce industry.

Mexico avoided this issue at the negotiating table. But, we have no choice but to
seek our government's help to attack every legal
and policy mechanism available.

And all of government and all of the
above is called for here. And it is what we are
humbly asking you to do for us.

Thank you again for the opportunity to
offer this statement on behalf of Georgia's fruit
and vegetable growers. And I look forward to
your questions.

MR. DOUD: Well, thank you. And good
morning, Mr. Hall. A quick question for you.

Did that University of Georgia study
indicate whether these Mexican programs are in
violation of Mexico's WTO obligations for
domestic support or any other international
agreements that it has?

MR. HALL: Ambassador Doud, I -- no,
sir. What it is, it was, the study was based on
the current import gross of Mexican products into
the U.S.

And if that continued at the level
that we're at under NAFTA, and how it would be
affected under USMCA.

MR. DOUD: Okay. Thank you. I appreciate that. Assistant Secretary -- well, actually no.

I think we're -- it's Under Secretary McKinney's turn. Sorry about that. Ted, go ahead.

MR. MCKINNEY: No, no. That's quite all right. Charles, it's good to see you, even if it's virtual.

MR. HALL: Yes, sir.

MR. MCKINNEY: I so appreciated the trip down there several months ago now, I guess. It has been, hasn't it.

MR. HALL: Yes, sir.

MR. MCKINNEY: I'm trying to get -- I'm trying to get an accurate record of what different growers and associations and folks believe is the real root problem.

And I caught that you said, there's the macro and micro-tunnels that in some way are being funded or co-funded by the Mexican
government. I think you mentioned a couple three
more.

Could you go back and restate those?
Because if that's the source of the problem, I
want to be accurate in what I capture in my
notes. Thank you.

MR. HALL: Yes, sir. The Mexican
subsidies are funding infrastructure for the
protected agriculture program.

Which basically builds greenhouses,
shaped houses, micro and macro-tunnels for
protection of their plants, so that you can
extend your growing season or either begin your
growing season earlier.

So, you're not -- you can overcome
some of the weather challenges so that you can
get produce into markets at different times. And
that's what's happened in some of the testimony
and documents that we've filed and Florida filed.

Those were programs, and documented
programs that were funded by the government of
Mexico. They funded growers in their development
of those structures.

MR. MCKINNEY: Great. And so just to clarify, when you use the words protected and protected agriculture, lots of times that is used as a, you know, SPS barriers. Protection from other competitors.

You're using the word protected agriculture in the sense that it's protecting the plants. It's stretching the season.

Am I correct in that understanding?

MR. HALL: That's correct, Mr. McKinney. It's protected from the weather.

MR. MCKINNEY: Thank you very much. Helpful.

CHAIR KIMMITT: Thank you for your testimony, Mr. Hall. We'll now turn to our next witness, Mr. Michael Sparks on behalf of Florida Citrus Mutual.

MR. SPARKS: Good morning. I'm Michael Sparks. And I'm the CEO of Florida Citrus Mutual.

Florida Citrus Mutual is a voluntary,
cooperative association whose growers' members represent over 90 percent of Florida citrus acreage.

Today, nearly four thousand citrus growers operate on almost 440 thousand acres. And we support more than 50 thousand jobs generating $7.2 billion in economic activity to the state of Florida.

And Florida citrus still remains the cornerstone of Florida's agriculture economy, and forms the backbone of our rural communities. All of this is in jeopardy because of rising imports, especially from Mexico.

The challenges we face are unlike any that I have seen in my 40 year citrus career. Our challenges are similar to those faced by our fruit and vegetable colleagues from Florida and Georgia.

But, it's important to note in recent years we have faced severe challenges that are not all due to imports. The most significant of which is Huanglongbing, or citrus greening, a
disease that hit our growers in 2005.

And our industry has invested hundreds of millions of dollars in research together with the support from federal and state resources, and we now have tools to fight the fight against the deadly disease.

I'm cautiously optimistic we have turned the corner. Needless to say, over the past decade, our production took a hit, which the Mexican citrus industry exploited.

Imports from Mexico came in and filled the gap. And has kept U.S. inventories high. Our production is coming back, but imports continue to come in no matter what the market needs.

U.S. demand has softened over the years, and yet imports still arrive. When inventories are high, grower returns are low, and they stayed low because of the imports.

It's making it nearly impossible for our growers to cover their production costs.

NAFTA anticipated the potential of rising imports
from Mexico and included a snapback provision.

Protected Florida citrus growers from surges in imports and drops in prices. The snapback provision remained in place during the 15 year transition period, then expired.

The snapback was never triggered. And while Florida did experience several periods of low prices during that transition period, we did not see the kinds of import surges to trigger the tariff.

Historically, U.S. imports of orange juice came from Brazil. But now Mexico is a major source, and they account for nearly 45 percent of orange juice imports.

How has Mexico been able to do this? And especially with an already formidable presence of Brazilian orange juice in the marketplace?

There are likely a number of factors, but subsidies are at the top of our list. Our colleagues in the fresh, in the fruit and vegetable sector have already explained, Mexico's
subsidy programs grew significantly over the past decade and a half. And now deserve close scrutiny.

I understand many might say that the U.S. agriculture sector too has subsidies. Not Florida citrus. We do not receive subsidies.

U.S. farm subsidies go to other commodities in other parts of the country. In the fruit and vegetable sector the subsidized production comes out of Mexico.

And we believe those subsidies are hurting our market. Low wages, poor labor standards, and the lack of government enforcement also contribute to a drastically uneven playing field.

And here's where we net out from recent numbers. At the end of our 2018/19 season, there was a 52 week supply of FCOJ, frozen concentrated orange juice, and, an additional 30 week supply of NFC, not from concentrate.

FCOJ inventory is up 25 percent from
the prior year. NFC up 77 percent. As a result of increased imported juice and those high inventories, many citrus growers were not even offered a contract.

And, the stock market plummeted to below $1 a pound solid. Break even for the Florida citrus growers is $2 a pound solid.

At this point, I should also acknowledge that the coronavirus pandemic has actually spurred a short term jump in U.S. consumption of orange juice.

But, this is a temporary deviation from the long term trend of a softening demand. Our long term success cannot depend on government mandated shutdowns that force consumers to stay home.

As the United States adapts to the COVID-19 disruption, the longer term trend of reduced demand will return. And when the dust is settled, the Mexican imports will still be there, a grave and growing threat to our industry's survival.
It will -- imports will consume the market. They'll fill the inventories whether the demand is there or not.

And if this threat is not resolved, foreign production will drive Florida citrus out of business, and imports will take full control of the U.S. market.

And those rural communities that I mentioned earlier, places like Sebring, Lake Placid, Wauchula, Kadia, and many others, those towns and communities will become ghost towns.

Our request today is that you consider and as you address the problems of our seasonal and perishable colleagues, please keep the Florida citrus industry in mind.

The problems they face are the problems we face. The problems affect the entire spectrum of Florida's fruit and vegetable sector.

And moreover, we need a solution that's doable. A one-time fix will not be enough. That's clear.

Thank you for giving me the
opportunity to testify. The Florida citrus
grower appreciates your hard, hard work on this
most complex issue.

CHAIR KIMMITT: Thank you, Mr. Sparks.
I appreciate your testimony. I think we have
time for one question from Assistant Secretary
Kessler.

MR. KESSLER: Good morning. You know,
you asked us to keep the Florida citrus growers
in mind. And we certainly will do so.
You also spoke of a doable solution.
I wonder if you might say a few more words about
exactly what you have in mind?
What would you like to see us in
Washington do?

MR. SPARKS: Thank you for that
question. We're at a point where I think we need
to explore every possible remedy.
Certainly we can be supportive of the
301 with other alternatives. The fact of the
matter is we have an iconic citrus industry
trying to get back on its feet.
Trying to plan, increase production.
And yet with imports that can come in and drive
us out of business, the point is, we'll look at
any alternative, including down the road, if we
need a Congressional fix, that comes into play.

We're supportive of a thorough review,
a detailed review as has been requested as a 301
or other, or other options that might be
available.

MR. KESSLER: Thank you.
CHAIR KIMMITT: Thank you, Mr. Sparks.
And thank you for your testimony.
We'll now turn to our next witness,
Dr. Gopi Munisamy, from the University of
Georgia.

DR. MUNISAMY: Thank you. Can you
hear me?
CHAIR KIMMITT: We can, Doctor.
DR. MUNISAMY: Yeah. Thank you. My
name is Gopi Munisamy. I am a Professor of
Agriculture and Applied Economics at the
University of Georgia. And good morning. Thank
you for the opportunity to speak with you today.

Let me begin by saying that the Georgia fruit and vegetable industry faces a challenging market environment. Today I will talk about two major vegetables grown in Georgia, bell peppers and cucumbers, and we have data for other vegetables as well, where I find evidence consistent with what you've been hearing from the growers.

My written testimony submitted to you gave you numbers and charts. And with that as background, I'm here to tell you that there is a strong negative correlation between import volumes and market prices of vegetables that appear to directly impact the profitability of Georgia farms. In my humble opinion, it will require proprietary and administrative data to determine whether that correlation is actually causation and help out with challenges faced by this important segment of our food supply chain.

As you know, the import pattern of fresh fruits and vegetables normally display
peaks and valleys. The peaks represent when the market isn't heavily supplied by ripening imports. And the valleys represent periods when domestic sources would normally expect to supply a greater portion of the market.

You already have heard an explanation of the market dynamics during these peaks from Florida growers. I'd seek to complement that discussion by focusing on the valleys, the lower import volume periods when Georgia's vegetables go to market.

USDA data show that the import value on volume of all vegetables has risen considerably over the past few years. Looking closely at bell peppers and cucumbers, the consistent rise in the overall lower bound of imports is even more obvious.

Allow me to present some data. The first one I would like to share with you is about the imports. During Georgia's ripening season, which runs from May to October, bell pepper imports increase from $72 million to $104 million.
in just four years between 2015 and 2019.
Likewise, cucumber imports increase from 129
million to 186 million between 2015 and 2019.
That's about a 43 percent import growth in just
four years.

I also find that the data from NASS
show that the total volume of national crop of
bell peppers and the national crop of cucumbers
have fallen by 24 percent and 19 percent during
the same period, 2015 to 2019.

ERS data show that roughly 68 percent
of the annual imports of both bell peppers and
cucumbers come from Mexico. And USITC data show
that greenhouse bell peppers accounted for, and
cucumbers accounted for the majority of imports
during the Georgia ripening season.

All these data tell us that Georgia's
market share of these vegetables are falling
despite growing aggregate demand in the U.S.
market. The per capita consumption data from ERS
show that demand in the U.S. market has been
growing.
I also find a bit of a strong positive correlation between protected acres in Mexico, protected agriculture acres in Mexico and exports of produce to the U.S. markets.

Now, let me talk briefly about the pricing patterns. Using the Atlanta terminal market as an example, we find that monthly prices of bell peppers have shown a declining trend, likewise, in New York and Chicago, the two other major markets, third by Georgia bell peppers. They also show a declining trend of prices. And the price data come from the Ag Marketing Service at USDA.

Coincidentally, shipping point prices also reflect the downward trend for south Georgia farmers, the result of some evidence that imports are coming in at lower prices in some of these terminal markets.

So, in closing, I believe there is a strong correlation, negative correlation between rising imports and falling prices for Georgia vegetable growers.
Professionally, as a trade economist, a professor now, but a former executive at the USDA, I have conducted and called for comprehensive analysis of trade policy impacts focusing on not only gains and losses from trade in the aggregate, but also focusing on segments of the economy that are hit hard by trade.

The Southeastern produce industry presents an excellent opportunity to do just that by using a combination of data from retailers and wholesalers, administrative data that already exists with the agencies, and other data provisions, such as transparency from trade agreements such as USMCA. The profitability and the long-term financial health for the southeastern produce industry are at stake here.

Thank you again for the opportunity to speak with you today. I can answer any questions you may have.

MR. DOUD: Well, thank you, Dr. Munisamy. This is very good and interesting work that you've done. And here's my question. So,
if you take that, the price of Mexican peppers in
the Atlanta market, you back out the
transportation costs to what that price would be
in Mexico, have you done research or could you
speak about what the price of those peppers is
being sold at domestically in Mexico relative to
what that price plus transportation to Atlanta
is?

DR. MUNISAMY: That's a good question. I can take another look at it. But my
understanding is that shipping costs vary
anywhere between two to five dollars. The thing
about the Mexican --

(Simultaneous speaking.)

MR. DOUD: My question is, is there,
do you get the sense that there is the
possibility of some jumping going on here, or is
it just variations in transportation costs?

DR. MUNISAMY: Up until 2010, they
were not in the Atlanta market at all. And they
started creeping in after 2010 into the Atlanta
market during Georgia growing season.
And if you notice that price picture I showed you, particularly in the April and May, their prices are much lower. They have higher prices in other months. So coming into Atlanta market and pricing lower during our season seems to be an issue.

MR. DOUD: Thank you. Do we have time for another question, Under Secretary McKinney?

CHAIR KIMMITT: Yeah, Under Secretary McKinney, do you have any questions for Dr. Munisamy?

MR. MCKINNEY: I do, but Jeff I think had a question. So I'll default to Jeff. Go ahead, Jeff.

CHAIR KIMMITT: I think we might be having some difficulty connecting with Assistant Secretary Kessler. Did you have a question, Under Secretary McKinney?

MR. MCKINNEY: Yes, I'll just go ahead. Well, thank you so much. Two quick ones. At the hearing a week ago, there was testimony that the University of Florida had a
fairly comprehensive study looking at all this. And I think you just said that University of Georgia has this. Was yours focused on price differential, or did it get into root causes, why the difference?

DR. MUNISAMY: We haven't gotten that deep like Florida has. We have been looking at the price patterns and trying to see how that matches with the import patterns. And the causation is something that I think requires a more intense study with more data. And you really need to talk to retailers and wholesales and figure out what the pricing strategies are.

So I'm definitely thinking there is more work to be done here in trying to figure out what is happening. But the growth rates of imports are dramatic. And that is something that I've not seen in other context.

MR. McKINNEY: Very good. Yes. We're hearing about the hurts and have respect for that. And we're, again, just trying to get at the root cause. So your talk on pricing was
helpful. Thanks.

DR. MUNISAMY: And it's always a pleasure to meet with you, Under Secretary McKinney.

MR. MCKINNEY: And you as well, Gopi.

Thank you so much.

CHAIR KIMMITT: I think Assistant Secretary Kessler may have reconnected and may have one more question if he can come through.

MR. KESSLER: Thank you. I hope you can hear me. And thank you very much for your testimony, Dr. Munisamy.

I wanted to just ask how you selected bell peppers and cucumbers for this study. Do you believe that the same correlation that you describe between import volumes and market prices extends to other seasonal and perishable products that are grown in Georgia? Have you looked into that?

DR. MUNISAMY: Thank you for your question. Yes, I had a long list of commodities to look at. And I wish I had the time to do each
one of them.

The import patterns are confirmed in
the context of squash, eggplant, zucchini, and to
some extent blueberries and tomatoes.

My problem was that AMS data that I
could not pinpoint specifically to Georgia. I
had general data. But in the case of bell
peppers and cucumbers is where I had Georgia-
specific data both in terms of terminal markets
as well as shipping point prices.

And it would be nice to have more AMS
data to really delve into all those commodities.
But these two commodities, these two vegetables
are the major ones grown in Georgia as well.

MR. KESSLER: Okay. Thank you.

CHAIR KIMMITT: Thank you, Dr. Munisamy.

We will now turn to our final witness
of this session one, Mr. Cesar Gonzalez, Chief of
Staff for Congressman Mario Diaz-Balart from
Florida.

Mr. Gonzalez, I apologize, but we're
not hearing you --

MR. DOUD: I think he's on mute.

CHAIR KIMMITT: Unfortunately, we're still not hearing you. Why don't we do this? We have a scheduled break, Mr. Gonzalez, right after you conclude. Why don't we go ahead and take a short break and reconvene, if it works for you? I guess, why don't we reconvene at around 10:55? And then you could deliver your remarks.

PARTICIPANT: Okay.

CHAIR KIMMITT: Or why don't we reconvene at 11:00? And then, as scheduled, and we will hopefully work through the technical issues with you, Mr. Gonzalez, and allow you to be the first witness in session two.

So, with that, we'll take a break right now and reconvene at 11:00 a.m. Thank you, everyone.

(Whereupon, the above-entitled matter went off the record at 10:38 a.m. and resumed at 11:00 a.m.)

CHAIR KIMMITT: Welcome back,
everyone. We will now begin our next session, and I think we are going to hear audio only from Mr. Cesar Gonzalez, Chief of Staff of Congressman Mario Diaz-Balart from Florida.

MR. GONZALEZ: Thank you very much. Can you hear me now?

CHAIR KIMMITT: Yes, we can.

MR. GONZALEZ: Thank you very much.

My name is Cesar Gonzalez, and I'm the Chief of Staff to Congressman Mario Diaz-Balart, who represents Florida's 25th congressional district, an area that includes many of Florida's fruit and vegetable producers, some of the hardest working, most patriotic Americans I have ever had the pleasure to meet.

On behalf of Congressman Diaz-Balart, I would like to thank Ambassador Lighthizer for his commitment to ending Mexico's unfair trading practices. Agriculture is one of Florida's leading industries, employing tens of thousands of people and contributing billions of dollars to our state's economy.
The current pandemic has highlighted both the paramount importance of every aspect of our food chain. We must redouble our efforts to protect Florida's farmers and ensure that our domestic agriculture industry continues to thrive.

For more than two decades, the Mexican government has funded elaborate programs subsidizing virtually all aspects of their specialty crop production, amounting to well over $200 million per year. These subsidies, coupled with Mexico's underpriced labor, have allowed Mexican farmers to produce at an unfairly low rate.

In 2009, Florida's fruit and vegetable farming sector contributed about 39,000 jobs and $6.3 billion to Florida's economy. By 2018, those numbers fell to about 27,000 and $3.2 billion to the economy. During this Coronavirus pandemic, Florida growers suffered devastating losses from the shutdown of the food service sector, while the Mexican produce industry
continued to gain a sizeable market share.

If Florida farmers are unequipped to counter Mexico's unfair trading practices, our state's economy will suffer. Not only does this add harm for Florida's farmers, but it is also detrimental to Americans who will be forced to rely on foreign sources for produce.

This is not just an agricultural trade issue but an issue of national security. The current pandemic has only served to highlight our reliance on foreign trade partners who may not always have our interest in heart.

The seasonality problem needs decisive and immediate action with a viable trade solution. We respectfully request that USTR investigate Mexico's unfair trade practices, subsidies, policies under Section 301 of the Trade Act of 1974. If another remedy is proposed, it must meet the same standard of real, effective, timely, enforceable, and industry-appropriate relief.

Thank you for your time today, and I
yield back.

CHAIR KIMMITT: Thank you, Mr. Gonzalez.

We will now turn to our next witness, Mr. Joseph Cornelius, on behalf of J&B Blueberry Farms, Incorporated.

MR. CORNELIUS: Thank you for your time and concern to consider the troubles facing the southeastern fruit and vegetable growers. I am Joe Cornelius, Jr., owner of J&B Blueberry Farms of Manor, Georgia.

Though the land and my operation was owned by my great-grandfather, I am looking forward to my grandchildren farming beside me and my son. But the future has been darkened by the challenges my industry faced -- is facing by unfair competition from foreign production.

    Mexico has dumped -- pumped billions of dollars into their agricultural system. Some examples, $6,000 per acre on overhead irrigation systems, $8,000 an acre on drip systems, $162,000 an acre for shade houses, about $485,000 per acre
on greenhouses. And during this time, our
country has lost more than 500,000 acres of fruit
and vegetables and nut farms.

    Just in the blueberry industry alone,
Mexican imports have increased dramatically. In
2010, Mexico exported 1.8 million pounds. By
2020, that number has increased to 53.9 million
pounds just in the southeastern production. In
2010, during the calendar week 16, around April
20th, domestic blueberries were bringing a
USDA-reported price of $6.42 per pound. This is
the date to start -- this is the date of around
the start of Georgia production window.

    By 2020, Mexico shipped in 5.6 million
pounds during the same week. As a result, the
USDA-reported prices for domestic blueberries had
fallen to $2.68 per pound. This is a 58 percent
decrease in farm gate value. While those dollars
are not only lost in my operation, they are also
lost in the regional support industries located
in our rural communities.

    At the beginning of the traditional
domestic production windows, our prices can
easily be absorbed in the marketplace due to the
limited supply. This has traditionally been a
time when farmers are able to capitalize on
limited supply to recoup some of their investment
and production costs.

These market (audio interference) do
not apply to the American -- or Mexican producer.
Their primary goal is to move their product by
any means necessary at any price they can
receive. They are able to do this because of
significantly lower input costs for their crop.

American marketers and brokers have
made direct overtures to Mexican producers to
sell their crop at higher prices to help
stabilize the marketplace. Those overtures go
unanswered. Mexican producers can make a
significant profit even off of market prices that
would drive American farmers out of business.

There is, frankly, no desire on the
part of the Mexican producers to stabilize the
marketplace that would only (audio interference)
up their competition, the American farmer.

In addition to subsidies, lower infrastructure costs, lower crop input costs, and significantly reduced regulations, Mexican producers are able to capitalize on a labor force that operates at a minimum federal wage of $6.85 per day. That isn't per hour; that's per day.

As more and more farms become reliant on federal H-2A guest worker programs, overall labor costs continue to skyrocket as compared to the general labor force. As a participant in this program, all of the employees on our farms are paid the federal adverse effect wage rate, currently at $11.71 an hour here in Georgia.

My farm pays each employee almost twice as much per hour as a farm worker in Mexico makes in an entire day. For just the domestic production environment, (audio interference) allowed to the American marketplace. Profits are sky high and the risks are minimum. Since the implementation of NAFTA and the recent USMCA, the United States government has simply allowed our
critical domestic infrastructure of food production to go unprotected, unsupported, and at a significant risk of disappearing altogether.

This leads to another issue, which should be a top priority of all federal agencies -- food security. As the world continues to deal with the COVID-19 pandemic, we have seen firsthand how domestic and international supply chains have fallen apart.

The availability of a year-round supply of perishable goods has not come into fruition. As many nations are beginning to look internally to address their own needs, the time has come for the United States to do the same. If we are unable to secure the international supply of perishable goods for people, how can we rely on the domestic supply when our own farmers are going out of business?

Without significant oversight, regulatory enforcement, policy changes that protect the American producer, we face a future that makes America and Americans far less food
secure. It is hoped that my Federal Government addresses the needs of the American producer and protects us from unfair trade practices that are having such a negative impact on our industry.

Thank you again for your time.

MR. DOUD: Thank you, Mr. Cornelius.

Good morning. Or, yeah, we're still at morning here on the east coast. One question for you. You talked about the capital investment being made in Mexico and in their industry. Can you give us some more detail on who is making that investment in Mexico? Is it -- is it the private sector or the government? Or can you give us any more detail on that?

MR. CORNELIUS: It's the government -- the programs that they want. I pulled this all off of a webpage or Googled it just in a couple of hours. I mean, this is the programs that they've had in place for years, started I think in 2006. And this is total programs that they have in place.

MR. DOUD: Okay. Thank you very much.
CHAIR KIMMITT: Thank you, Mr. Cornelius.

We will now turn to our next witness, Mr. Russ Goodman, on behalf of Cogdell Berry Farm.

MR. GOODMAN: Good morning, gentlemen, and thank you for allowing me to testify today. My name is Russ Goodman, and I'm a seventh generation South Georgia farmer. Our family grows blueberries, cattle, pecans, and timber in rural Clinch and other counties in South Georgia.

Some of the land that we have in production agriculture has been in our family since 1822. Previous to 2000, our family concentrated on timber, pecans, and beef cattle as the staple crops in our operation. Twenty years ago, the health benefits of blueberries were really making the news, as was subsidized Canadian lumber.

With the negative effects the timber business experienced from unfair trade in regards to Canadian lumber, we began looking for
something to diversify some of our land away from timber and into another crop. Blueberries fit the bill perfectly. Our area of Georgia with our (audio interference) laden soils are perfect for blueberry production.

We started out with our first 15-acre field in 2000 and are now growing 650 acres. Unfortunately, due to unfair trade in regards to blueberries, we have begun planting more pecans to try and diversify our operation away from what has become an onslaught of Mexican blueberries.

In 2010, Mexico exported 1.8 million pounds of blueberries into our country. By 2019, that number was 53 million pounds. This deluge of Mexican blueberries threatens the future of our 200-year-old family operation and the rural American community we call home.

Blueberries account for $750 million annual economic impact in South Georgia. That's $750 million. Ninety percent of the total (audio interference) of our local hometown bank is comprised of blueberry loans.
To put it bluntly, our little community, and many others like it across South Georgia, are scared senseless as to what the future holds for us concerning where we stand and the larger juggernaut of global trade. For our country's sacrifice, our families and farms, because if nothing is done to change the current path we are on, that is exactly what our country will be -- will be doing.

The biggest issue facing our farm is our inability to compete with countries like Mexico due to our vastly different labor and environmental regulations. The new USMCA agreement failed families like mine in trying to create a level playing field. And in all honesty, that is all we have ever asked for -- a level playing field.

I often tell people it is hypocritical of us as Americans and the American government to expect the American farmer to grow our produce under certain labor and environmental regulations and then allow the free importation of
foreign-grown produce that isn't grown with the
same set of standards.

    I am a believer in free markets. The
problem is, we have a free market on the sell
side but not the costs. It is fairly common
knowledge that on Mexican farms the average wage
rate is less than $1 an hour. Under the current
American H-2A regulations, our wage rate would be
reduced to $12 an hour.

    On our farm -- and I would think most
American blueberry farms -- labor accounts for
over a third of the total cost of the operation.
Given enough time, it is pretty clear that the
Mexican farms would have 90 percent advantage and
a cost area that accounts for over 33 percent of
overhead, would eventually put the competition
out of business.

    Another regulation that affects
American growers and not Mexico is the Tier 4
engines emissions mandate. When this regulation
came into effect, it added $15,000 to the
purchase price of everything with a diesel engine
for the American farmer. That includes
everything from tractors to combines, forklifts,
irrigation, everything.

We also now bear the cost of increased
maintenance and purchasing the diesel exhaust
fluid needed to operate these new engines. The
Mexican farmers aren't under this regulation.
This is another example of an unfair cost
advantage our neighbors to the south have over
us.

In fact, the tractors that we have
used to plant our pecan trees with for years are
still being produced 10 miles across the border
in Mexico and are being shipped all over the
world, but we can't bring them into this country
because they are equipped with a Tier 3 engine.

Even our diesel engines that are only
used for frost protection during cold winter
nights are now under these emission standards. A
diesel engine in rural Georgia that runs only 80
hours per year is under the same emissions
regulations as a semi-truck that puts 200,000
miles a year on the interstate.

With production cost advantages like this, Mexican farmers would surely eventually put their competition out of business. Sadly, that competition comes in the form of the American family farm. I fear what inaction by our government will mean for American farm families like mine, but more importantly, what the long term implications are for our children and our grandchildren's food security.

In the wake of COVID-19, are we really going to risk becoming dependent upon other countries for our food supply? I fear if nothing is done, we will do just that. We will concede the facts that at least in terms of fresh fruits and vegetables our children will be less food secure than we were, and shame on us if we allow that to happen.

Thank you all for allowing me to testify. I would just like to add one more thing. We talk a lot about the value of agriculture in this country and what it means to,
you know, for the economies in rural America and what it means as far as our food security and everything else.

I think one of the greatest values, or possibly the greatest value, that agricultural brings are the values themselves. And so when you look at where we're at in the nation, a lot of the things that -- as far as the direction that our country goes in, I think it's paramount to the future of our country that we continue to keep rural America strong and vibrant because of the values that we do bring to the national stage.

Thank you all for allowing me to speak.

CHAIR KIMMITT: Thank you, Mr. Goodman.

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

MR. MCKINNEY: Yes. Just a couple of questions, quick ones. The first thing, thank you for your testimony. This is the first that
we have really heard certainly with any depth at all about the environmental regulations difference, so -- to always look for all of the new additions as important.

My question, though, really pertains to the movement you are making. You started with timber I think, then to blueberries, and now I think you said you're shifting, at least some, to pecans. Are you seeing this unfair competition for pecans as well? We know it's there with blueberries. Many have testified. How about "pecons" or pecans? I don't know how you guys pronounce it down there.

MR. GOODMAN: Yes, sir. Well, it depends on what the price is. It can be "pecons" or pecans. If they're cheap, they're pecans. But we are -- we are seeing -- you know, my understanding is in Mexico they are planting about 20,000 acres of pecans a year. One of the reasons -- with pecans, they are not as labor-involved as blueberries are. That's one of the reasons that we're looking to try to
diversify a little bit more out of -- out of blueberries.

But in regards to the Tier 4 engines emissions, I have reached out to people in Mexico. The tractors that we used for years, the CC-610s, they still make them over there, and you can buy that tractor for $37,000 if you could bring it into the United States. And so you kind of have -- as a point of perspective, that same tractor with all of the Tier 4 apparatus on there and everything, if I buy that tractor in Blackshear, Georgia, it's going to be close to about $54,000. It is a cost to the American farmer.

MR. McKinney: Thanks so much.

CHAIR KIMMITT: Thank you, Mr. Goodman.

We will now turn to our -- turn to our next witness, Mr. Sam Watson, on behalf of Chill C Farms.

MR. WATSON: Thank you, Mr. Secretary, Mr. Ambassador, Under Secretary McKinney, USDA
Trade Commerce officials, thank you for letting me be here today.

My name is Sam Watson. I am a Georgia farmer, and I am also a state representative in the Georgia House of Representatives, representing one of the largest agricultural districts in my state. And I also own and operate Chill C Farms in South Georgia where we grow several vegetables.

I am submitting these comments in hopes that the United States Trade Office and its partners will work diligently to solve the problem of foreign fruit and vegetable products being dumped into the U.S. market at exponential rates.

The southeastern growers have lobbied extremely hard over the last several years to expand the renewal of USMCA. Ultimately, we were overpowered by much larger corporate growers who have realized they can grow or buy fruits and vegetables much cheaper in foreign countries such as Mexico.
These foreign countries have cheap labor, lower input costs, very little regulatory environment, and the government is subsidizing many of the farmers. When you combine all of these advantages, I find it hard to believe that one can say that the American farmer participates in fair trade.

Last week there were questions about differences between southwestern and southeastern growers and our lack of unity on this topic. In my opinion, our lack of unity is because of the geography and investment in foreign countries. Southeastern growers do not have the luxury of being in close proximity to a foreign country with substantially lower input costs, government subsidies, and minimal government regulation.

I was recently made aware of a study that consists of a list of 50 American produce companies who have investments in the United States and Mexico. This report confirms that we had suspected and that many southwestern growers have substantial investments in farms south of
the border. Because of this investment, it is to their benefit to allow foreign produce to continue to flow into this country.

In the case of southeastern growers, we are operating solely in the United States, supporting many of the rural economies across this country. Agriculture is the number one industry in the State of Georgia, providing 76 billion economic impact and over 399,000 jobs. And as a state official, I want to make sure that we protect those jobs.

It has also been suggested that the southeastern growers should just switch crops. I have invested 13 years of my life in a packing house, with coolers, packing lines that are specific to certain vegetables and customized for what I grow. I can't just switch and start growing other crops, such as corn, cotton, wheat, soybeans. And if I could, those markets aren't sustainable either.

We are not saying we won't stop the importation of the fresh fruits and vegetables
into this country. We just want protections and safeguards put into place that provide for fair trade. Legislation such as the pending Domestic Produce Protection Act is a step in the right direction.

Ambassador Lighthizer received a letter on April 4, 2019, signed by (audio interference) United States Senators and 33 members of Congress. This letter requested Ambassador Lighthizer's support of this legislation or any other appropriate administrative action to establish equally effective enforceable and durable remedies through existing trade authorities.

This past spring, in 2019, I started dumping squash on my farm because of the lack of buyers. Having already sent multiple truckloads to the food bank, I had to dispose of thousands of boxes I could not sell. Every morning I start my day by spending hours on the phone with produce buyers across the country trying to sell my product, and I get the same answer. No, we
don't need any, they would say. At least they're honest.

They tell me they can get it cheaper in Mexico. Maybe try us next week. However, on one particular day, when we finished up our dumping operation, I was sent a photo of yellow squash that was on a shelf of a major retail grocery store in Georgia that said Produce of Mexico, 99 cents. This was in the end of May, and Georgia squash was in full swing and Florida was finishing up. While I was dumping thousands of perfectly good squash, the citizens of Georgia were only given one option at the grocery store: foreign produce.

What's interesting is the American consumer is still paying the same price. I firmly believe that if American consumers were given a choice between U.S.-grown and imported produce, they would choose to buy American.

The problem is is they have no choice anymore. We cannot become a country that is dependent on others for our food supply once all
the farmers go under, and that is exactly what
will happen.

Lastly, as a fifth generation farmer
and with four daughters who I pray every night I
hope will come back to the farm, but due to the
unfair trade practices during NAFTA and now
USMCA, there is a very good chance I will be the
last generation of farmers in my family. The
outlook for the American -- the true American
vegetable grower is grim, and that is a direct
effect of our trade policies, or lack thereof.

I would love for this office to change
my mind and share some encouraging news.
Otherwise, concerns of shortages of medical masks
and medicine will pale in comparison to a serious
shortage of food. If you don't change our trade
policies, that is exactly what our country will
experience when all of your domestic fruit and
vegetable growers are gone and we are totally
dependent on foreign nations for our food.

Thank you for the opportunity to
speak, and I hope that you guys will be able to
provide some help.

CHAIR KIMMITT: Thank you,

Representative Watson.

Assistant Secretary Kessler, do you
have any questions for Representative Watson?

MR. KESSLER: Yes. Well, thank you
very much for your testimony, Representative
Watson. You warned of the consequences if trade
policy doesn't change. Could you elaborate a
little bit on exactly what changes you would like
to see in trade policy and what you view as the
policy solution to the difficulties that you
describe?

MR. WATSON: Well, I think that there
is a lot of tools that -- that the government has
at their disposal. I think at this point in
time, what we have going on in our country today,
we need to utilize all of the tools that we have,
whether it be 301 and 201, labor exemptions or
requirements, food safety requirements. I mean,
there are lots of options out there that we need
to look at as a country to make sure that we not
only protect the American farmer, but that we
protect that source of foreign product when we
need it.

CHAIR KIMMITT: Thank you,

Representative Watson.

We will now turn to our next witness,

Mr. Steve McMillan, on behalf of Southern Grace
Farms.

MR. McMILLAN: Thank you very much.

I appreciate the opportunity to speak with you
today about blackberries. My name is Steve
McMillan. I farm in a partnership with my
brother, Tim, in Berrien County, Georgia. We are
a family-run and operated farm. It includes my
wife, Laura; daughter, Jennifer; my son, Steven;
and Tim's son, Daniel. We grow peanuts and
cotton. We own and operate a peanut-buying point
and also own a country store and agri-tourism
business that we operate out of it doing field
trips, school field trips.

We also grow 35 acres of citrus and 95
acres of blackberries, which is what I'd like to
address this morning.

For several years, we have seen the Mexican blackberry market overlap with our harvest window here in Georgia, which is mid-May through mid-July. I assume that with the information I have sent in, you have the USDA import chart. It shows the poundage coming across the border with pricing for the last couple of years, and of interest and concern is the increased volume for that period, which is the second largest volume ever according to USDA import data.

And what is even of more concern to me and other blackberry growers, I believe, is the price that they are willing to pay for their crop. During the 2020 season, we saw Mexican blackberries being sold for a little over a dollar per pound, which is well below our break-even price of $2 per pound.

According to USDA import data, Mexican blackberry prices have been trending down over the last several years during this time period.
Mexico's climate allows them to grow and offer blackberries for sale from September to the end of May. During this time, they usually see prices in the $3 to $3.50 range.

They have already made their profit by the time their season (audio interference). So if they can sell berries for enough to pay labor and just to pay for the packaging costs, they will continue to pick and ship them in here during our marketing window.

And part of the problem, too, is when they drive the price down, or offer these berries that are half of what our break-even cost is, or by the per-pound range, or a little above that even, the problem it has for us, they may get out of our window with volumes, but they drove that price down and it takes two to three weeks for the market to react back up to the loss in volume.

So we wind up going into our peak season maybe with not very many blackberry markets at -- Mexican blackberries out there, but
it impacts our market because it just takes a while for the market to react back up and to rebound from that.

Also, Mexican -- Mexico's climate allows them to grow and offer blackberries for sale -- I think I said that. I've already talked about that. I apologize.

USDA import data show that the price has been trending down. Also, there has been an increase in internal or greenhouse production, which protects berries from Mexico rainy season, which usually begins about the time our season starts, or maybe a week or 10 days into our season.

And what normally happens down there and that's why they can't grow them year around -- is they have a rainy season that moves in. And once that moves in, blackberries become soft, unpickable, and unmarketable.

But with this greenhouse production, internal production that has been going in, it allows them to extend that season a little bit
longer. And there is information out there that says that some of these programs at least are probably being paid for with subsidies from Mexico's Department of Ag -- their SAGARPA -- I suppose is how you would say that.

And I would add this. This is just not a problem on our farm or just the blackberries. According to a study from the University of Georgia Department of Agriculture and Applied Economics titled "The Impact of the United States-Mexican-Canadian Agreement," Georgia would be on track to lose $1 billion in economic output and more than 8,000 jobs if something is not done to slow the increasing import of cheap Mexican fruit and vegetables.

And I wouldn't dare try to tell you guys blackberries is super important to the State of Georgia's economy. I would say there is enough in Berrien County, Georgia, it's important to Berrien County's economy, certainly important to the other counties in Georgia that are growing blackberries, and it's certainly very important
to our farm.

I go back 20 to 22 years ago, we were tobacco growers here on our farm in Berrien County, and we went through all of the lawsuits that the tobacco country suffered. We had lost a lot of our tobacco quota. It cost us an awful lot of money because a lot of that tobacco quota we had paid for.

And we were really told when we visited Washington -- and with a lot of Senators and Representatives -- we were told, what you guys need to do is find you all something else to grow. So we took them at heart, and that's what we've done.

We were pioneers in the blackberry business. Us and one other grower in Georgia were the first ones to ship any commercially back about 20 years ago. And we found something that not only replaced tobacco, but it was healthy and we felt good about growing it, and it was very profitable. It has been very good to us.

I would hate to see that end and
Washington tell us again that you need to get out and find you something else to grow because we're going to allow Mexico to take this market and put you guys out of business.

I would say I appreciate the time. I really appreciate the opportunity to allow the blackberry growers to speak, because as I said, again, we're not a major impact on the economy of Georgia. We are -- we are a major impact in the blackberry market in the United States. It's just that there's not a lot of acres and not a blackberry -- not a lot of blackberries produced.

Again, I appreciate the time very much.

MR. DOUD: Well, thank you, Mr. McMillan, for your testimony very much. Really, really helpful. What percentage of U.S. blackberry production is in Georgia? Can you help me with that right quick?

MR. McMILLAN: Well, are you talking about compared -- the percentage of blackberries within the United States?

MR. DOUD: Yeah. In the United
States.

MR. McMILLAN: The fresh market?

MR. DOUD: Yeah.

MR. McMILLAN: I don't have that figure. I can tell you this: Georgia's production is probably in the neighborhood of 10 to 12 million pounds.

MR. DOUD: Okay.

MR. McMILLAN: Which is a pretty good impact in the -- in the domestic market during that time window. Generally what happens, Mexico has the market from September to May, and at some point they get out, hopefully early for our sake, but most years not. They overlap and get back into the -- where the prices go down and it takes a while to come back up.

But then we are -- where our market comes in in Georgia, with 10, 12 million pounds or so, and then North Carolina comes in, and Arkansas and some other southeastern states, after that. But I can't tell you the -- I don't know the total fresh market.
MR. DOUD: That's fine. What --
follow up question with you. Can you compare and
contrast with me a little bit your relationship
with retailers versus the Mexican producer and
their supply chain, their relationship with
retailers? Walk me through how that works a
little bit.

MR. McMILLAN: Well, I'm not sure I'm
real versed on that. I can tell you what I think
I know. A lot of -- some of the marketers --
blackberry marketers are much more involved with
the farms in Mexico than they are here. Here
they pretty much serve I think just as a
marketer.

My understanding, down there they do
some financing, probably have joined in and
helped get that money from the government for
those farmers. And in some instances, they have
their own farms down there, unlike here which
everything is privately owned I think.

Does that answer -- does that answer
MR. DOUD: No, that's helpful.

Under Secretary McKinney, do you have a quick question? We have just a little bit of time here.

MR. MCKINNEY: Just to say thanks. I did roster blackberries as an issue. I appreciate your integrity and your honesty saying it's important to you and some others. It's not so critical to the entirety of the U.S., but I have added that because we're trying to keep an accurate tally of the crops that might be affected, the points of subsidizing, or whatever -- whatever the unfair trade is.

So thank you so much, Steve.

MR. McMILLAN: Yes, sir. Thank you all.

CHAIR KIMMITT: Well, thank you, Mr. McMillan.

We will now turn to our next witness, Mr. William Brim, on behalf of Lewis Taylor Farms, Incorporated.

I think we are waiting for Mr. Brim to
return. So in the meantime, we will move to the
next witness, Mr. Richard Minor, on behalf of
Minor Brothers Farm.

MR. MINOR: Okay. Am I on?

MR. DOUD: You are, sir. We can hear
you.

MR. MINOR: Okay. Can you see me or

MR. DOUD: I think we can see you just
a little bit. It could be a little clearer, but
we can hear you just fine.

MR. MINOR: Okay. My name is Steve
Minor. I'm a partner in Minor Brothers Farms, a
diversified farming operation located in
Southwest Georgia. Our farming operation
produces numerous row crops along with specialty
crops of turf grass and eight different
vegetables.

We started our farming operation --
our diversification of our farming operation in
1986 when we planted our first crop of fresh
market cucumbers. We have planted both a spring
and fall crop of cucumbers for the last 34 years.

Since 1986, we have watched the vegetable industry grow in Georgia and evolve into a $1.1 billion segment of our state's agricultural economy, comprising some 30 different vegetable crops. The last 34 years has presented many challenges to our vegetable farming operation.

However, none has presented a threat near the scale of the dramatic increase in low-cost Mexican vegetable imports. To understand this threat, you must first understand some of the general concepts on how the fresh market -- vegetables market functions in the United States.

I am going to -- I am going to use computers in my -- I am going to use cucumbers in my example. However, these concepts apply to most all of the fresh produce grown in the southern United States.

The production and marketing of cucumbers is influenced by several factors which
have evolved over a very long period of time. Probably the most important aspect of this market revolves around the fact that the majority of our customer base resides along the east coast of the United States and is more concentrated in the northern areas of the country.

In addition, there are also important components to the markets located around the midwestern population centers. The location of the major population centers in relation to the location of the major growing areas has a constant influence on the ultimate price we receive for a box of produce.

Grade is a major cost associated with the marketing of all fresh produce, and there is constant pressure to source produce from growing areas closer to the consumer in order to reduce transportation costs and preserve quality.

In contrast, cucumbers can only be produced during a very limited timeframe around these northern population centers. Therefore, it is not surprising that Florida, with its almost
year-round growing season, is the largest
producer of market cucumbers, fresh market
cucumbers, followed by Georgia, North Carolina,
and Michigan.

In Georgia, we start harvesting spring
cucumbers in May and finish in the end of June.
Border growers understand that when Georgia
starts they need to be finished harvesting, and
they plant accordingly. Georgia growers
understand that North Carolina will start
harvesting cucumbers in mid-to-late June, and we
also plant accordingly. Each growing area
understands its window and the factors which
influence how much of the product they can
produce and still maintain the probability of
generating a profit.

The fall crop works the same way, only
the sequence is in reverse order. The cucumber
deal starts in South Florida, moves north as the
weather warms, and returns south as the weather
cools. The cucumber market is very volatile.
One of the unique aspects of all fresh vegetable
crops is that the price changes daily with the changes in supply and demand.

Traditionally, demand has remained fairly inelastic, with just modest consumption growth. On the other hand, supply is the real factor which influences the daily price of fresh produce. Unlike other agricultural crops, we cannot store and put into warehouse or grain bins fresh produce. Fresh produce needs to be sold and shipped to markets as soon as it is harvested.

Vegetable growers assume the risk of the market and understand that there will be times when prices are below the cost of production. However, they also understand that the markets change very quickly and that there will be times when prices are extremely high and counterbalance those low prices.

These markets are very sensitive to changes in planted acres. Even the smallest increase can have a major impact on vegetable prices. In 2018, the combined acreage planted
into fresh market cucumbers for the top five producing states was less than 30,000 acres. A simple 10 percent increase in production is enough to totally devastate a marketing window and eliminate any chance of profitability.

Specialty crop growers, because of their small acreage requirements and the perishability of their product, are more vulnerable to market manipulation than any other farm commodity. I'll say that again. Specialty crop growers, because of their small acreage requirements and the perishability of their product, are much more vulnerable to market manipulation.

Mexico, over the last 10 years, has dramatically increased the production of cucumbers. They have expanded production with no regard for other production areas or without regard for the probability of making a profit. These producers began competing mainly in Florida's market window, but over the last four to five years have expanded production with the
goal of supplying cucumbers all year long.

Today, low-cost Mexican production is threatening every grower in the United States. Mexican farmers have been able to move outside of the traditional winter window with the help of Mexican government subsidies. These subsidies cover the cost of construction of greenhouses and hoop houses and shade houses, which allow growers to produce vegetables 12 months out of the year. These indoor facilities are viable because of cheap labor, which is not available in the United States.

In addition, Mexican growers have demonstrated a willingness to export product into the United States regardless of market price, often not even recovering the transportation costs to get a product into the market. Today, Mexican growers have control of most of the limes and avocados consumed in the United States. If we fail to act, they will soon control the balance of all of our fresh produce industry.

We are -- we, as growers, are
requesting the USTR to use the full resources available to investigate the unfair trade practices of the Mexican government and the actions of the Mexican growers which threaten the produce industry in the United States.

Thank you very much.

CHAIR KIMMITT: Thank you, Mr. Minor.

Assistant Secretary Kessler, do you have any questions for Mr. Minor?

MR. KESSLER: Yes. Thank you very much, Mr. Minor, for your testimony this morning. I wanted to ask you to give us a little bit more information about the condition of your business and perhaps other businesses in Georgia like yours. You know, you mentioned that profitability is very sensitive to increases in production. Can you just give us a picture of what your business' profitability is like and how it's doing in general? Are you hiring employees or not? Is the total acreage dedicated to farming increasing or decreasing? Anything that you can give us to help us understand what your
company and companies like yours are going through.

MR. MINOR: Yeah. Thank you. I think that's a good question because that kind of opens up an area that I wanted to discuss. We are a diversified operation. Like a lot of people that have talked to you in Georgia, a lot of the growers are diversified, and that is for a lot of different reasons, mainly for risk management.

But today we are growing corn, cotton, peanuts, which are all very cheap. You know, the traditional row crop commodities are cheap. We diversified into vegetables, like I said, in 1986, so that's a part of our business, probably about 20 percent of our business, and it's a very important part of our business.

It has been a profitable part of our business. But through the diversification, we really strive on one crop may do well this year, one crop may not do so well. So it kind of counterbalances sort of a risk management aspect.

But I think the more important point
is, in our rural communities, 86 percent of Sumter County is agricultural-based. That's our economy -- agriculture. And when we look at growing specialty crops -- we built it to grow a crop of cucumbers where you're going to have a $10,000-an-acre gross versus growing a corn -- a 250-bushel corn crop where you've got $1,000-an-acre growth, the economic impact for Sumter County for about 1,500 acres of vegetable crops that are grown in our country, the economic impact is so much greater than traditional row crops.

I mean, we -- it's sort of an amazing thing that we can put a seed in the dirt here in Sumter County, we can grow a crop, we can send it back to New York City, and they send us back dollars. I mean, we talk about rural development and rural programs, but this is the best rural program we've got. I mean, we're exporting things to New York. They're sending us dollars to Sumter County.

So it's important that this specialty
crop -- although small acres, but very high
volume, very high dollars, very high value, lots
of inputs, lots of, you know, trucks and labor
and seed and chemical, a lot of money being
turned over acres, which makes our land more
valuable which increases our tax base which puts
people to work. We've got five packing houses
here in Sumter County that run seasonally, employ
a lot of people, you know, generate a lot of
economic activity, which peanuts, cotton, corn
doesn't have that kind of impact on our economy
here.

Our farming operation is possibly
profitable, and mainly because of government
programs and traditional row crops have helped us
survive. But presently the farm -- the state of
the farm economy is pretty bad. We hope it's
going to change, but right now it's pretty tough
on all crops across the board, as you're well
aware.

MR. KESSLER: Thank you, sir.

CHAIR KIMMITT: Thank you, Mr. Minor.
I believe we now have Mr. William Brim available on behalf of Lewis Taylor Farms, Incorporated.

MR. BRIM: Good morning, gentlemen. How are you all doing this morning?

CHAIR KIMMITT: Just fine, sir. Thank you.

MR. BRIM: My name is William Brim with Lewis Taylor Farms in Tifton, Georgia. Thank you for the opportunity to talk directly with you today (audio interference). I'm here to ask you for your help in solving the crisis that threatens to destroy the southeastern produce farmer. It is my deepest hope that today marks only the beginning of a collaboration between you and our industry and our government to solve this problem.

The problem is complicated; we realize that. It involves imports into our market at very low prices. It also involves imports that appear targeted at the precise season when southeastern farmers must market their own
produce, and it involves a pattern of subsidies by the Mexican government. These problems require a comprehensive approach.

For today, let us start with what is happening in our markets. My family farm operation began in 1950. We produce about 5,500 acres of strawberries, cantaloupes, watermelons, and numerous vegetable crops through our packing facilities. We use both conventional and organic growing practices. We employ full-time -- 75 people full-time and about 380 H-2A workers.

We are a family-owned business, and we contribute to a local economy that depends on a strong vegetable -- fruit and vegetable sector. Our success is their livelihood, but our future is in serious jeopardy. In 2015 when we began to see markets and prices change due to Mexican -- the increase in Mexican imports, by 2018, the import pressure was so strong that we almost had to shut down. We are barely holding on today.

We are a year-round operation. Our seasons now overlap with Mexico's imports. In
the spring and fall, everything we grow falls in
synch with Mexican products. I believe this is
because Mexican producers can use subsidies to
build protected agricultural structures and plant
more acres which increases the produce that goes
to market at the same time as our produce goes.

As a result, our marketing challenges
and channels, in the Midwest, retailers have all
but disappeared. Our marketing vendors have told
me that many of our most reliable retail buyers
are now pulling away because they can buy cheaper
products from Mexico.

The market for broccoli is a good
example. Mexico sends broccoli to New York for
$4 a box, less than half of the U.S. cost of
production by itself.

How did I determine that price? As
far as I can tell, Mexico sent product on -- at
price after sale bases, when the U.S. importers
essentially name a price that is lower than he
has to pay for U.S. product, and the Mexican
seller simply accepts it no matter how low, and
often it is extremely low. It isn't even worth

carrying in the system or dumping it.

To be clear, U.S. producers are

sometimes forced to use a price after sale

arrangement as well, as our only alternative to

letting our crop not rot in the field. For us it

is a loss mitigation strategy. For Mexican

shippers, it seems to be a first sale strategy.

How do they do it? Again, I can't

believe Mexican government subsidies are a major

reason why they're doing it. The government is

bankrolling their expansions into our markets.

The question we need to ask -- get asked is --

answered is: what are we going to do about it?

We do not have the organization to

monitor and analyze all of the foreign practices

that affect our markets. We do not have the

legal resources to identify the optimal time to

file a trade dispute. Even if we did, the

central problem we are facing affects many kinds

of produce, but it is derived from a common

source. It is larger than any single dumping or
anti-subsidy investigation. That is why we need
your help, please.

Our colleagues in Florida have asked
us to pursue a Section 301 investigation. Our
growers also support a Section 301. I understand
that Section 301 offers the tools to address
situations like ours when a foreign government
and its exporters are engaged in a pattern of
unfair trade that is burdening -- burdening U.S.
commerce. That is what is happening here.

I also know you may have additional
tools to consider in addressing these problems.
You have to analyze exactly what has been
happening in Mexico and exactly what it is doing
to our markets. That is a necessary need. As we
know our markets, but -- we know better than we
do what policy tools offer the best way to solve
the problems. That is why we must work together.

Now that USMCA is in force, we worry
deeply that the problems we get much worse --
will get much worse. In fact, it already is much
worse than it was last year, and USMCA has only
been in effect for one month. If action is not taken very soon, USMCA will terminate our state economy -- decimate our state economy, farm economy.

I am here because I believe in Georgia farmers, and I believe our industry is worth fighting for.

Thank you for holding these hearings today. Thank you. Help us to win this fight, please. I look forward to working with you and would love to have you come down to my farming operation anytime, if you would like to, and I'd love to show you what we do down here in South Georgia. Thank you so much.

CHAIR KIMMITT: Thank you, Mr. Brim.

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

MR. MCKINNEY: I do. I do. And thank you very much. Coming up on a farm myself from Indiana, I can appreciate the work required. We were corn, soy, feed corn, seed soy, and you have all kind -- 2,500 acres or more of veggies. So
my hat's off to you.

You said import -- excuse me. You said there is a pattern of subsidies. If I am sounding like a broke record I apologize, but we're really trying to get at the source of the problem as you all see it. Could you take the next level of detail on what those subsidies are that you hear or that you know of, okay?

MR. BRIM: I think we have to look back at the Department of Agriculture in Mexico and see what they are really doing. They are actually instituting programs where they can put in wells. They can put in these microclimate covers. They can put in these greenhouse operations. They are paying and giving them the infrastructure money to set all of this up -- these problems up that create problems for us.

I think the subsidy part of it is what is making it worse for all of us here, Under Secretary. It is -- they are flowing so much crop across the borders now that they didn't used to in 2015 when we -- when we first started
feeling the effects of it, and by '18 and '19, it started devastating us. They were sending prices of cucumbers and broccoli and tomatoes over here below our production costs, and we just can't compete in that level playing field. We just need a level playing field that we can keep going. I've been doing this for 35 years, and it seems like that, you know, each year it gets worse and worse and we just don't know how much longer we're going to be able to hang on if we don't get some help from USTR and Commerce. We have to find out what we need to do to get a level playing field.

MR. McKINNEY: Thanks. I heard that, and I've taken those notes. Appreciate that.

MR. BRIM: Yes. Under Secretary, it's nice to see you again. I was with you in Savannah down there.

MR. McKINNEY: Yes, I recall that. And sometime I'll tell you about my trek to Tifton years ago. It's a good story.

MR. BRIM: We'd love to have you come
back down anytime.

MR. MCKINNEY: Thank you.

MR. BRIM: Any other questions?

CHAIR KIMMITT: Thank you, Mr. Brim.

Appreciate your testimony today.

We'll now turn to our final witness of Session 2, Mr. Fred Leitz, on behalf of Leitz Farms LLC.

MR. LEITZ: Good morning, Secretary McKinney and Assistant Secretary Kessler. (Audio interference) fifth generation working for and with us. We farm in southwest Michigan, a few miles from Lake Michigan. We specialize in blueberries, cucumbers, grape tomatoes, Roma tomatoes, round tomatoes, and apples, all grown and packed for fresh consumption.

Over the past 30 years, we have stopped growing tart cherries, strawberries, raspberries, zucchini, summer squash, peppers, and cantaloupes, all because of the loss of market share from foreign competition (audio inference) grower on the panel.
And I'd just point out that this is not just a southeast U.S. problem, this is a Midwest problem, a U.S. problem. Once the International Produce Bridge was proposed, and then it opened in 2009 in Pharr, Texas, the Mexican government built roads to make it easier to ship Mexican produce and products into the U.S.

If we look at just tomatoes, imports from Mexico almost tripled during my season, July to October. Since 2005 -- imports from Mexico almost tripled during my season, July to October, since 2005. And U.S. production during that time has been cut in half, with the biggest increases starting in 2012, 2013, and that was right after the bridge was opened.

We used to ship cucumbers, peppers, tomatoes, and zucchinis all over the Midwest and east coast, even into Florida and Texas, during our season. That is no longer possible. Free trade, not fair trade, has allowed that to happen.
Looking at tradingeconomics.com, and they have data from the Bank of Mexico, wages were stagnant in Mexico from 1960 until late 2018. Most trade agreements result in a rising middle class and a poorer country at a much quicker pace than this. Something else is at work in Mexico to keep wages depressed. I'm not an economist, but my theory is it's the narco state.

During the lifespan of NAFTA, the production of fresh fruits and vegetables increased dramatically. U.S. production and U.S. producers' share of that consumption increase has fallen during the same time. Mexico and Canada have moved into our markets. They can produce cheaper, and in Mexico's case, much cheaper than we can.

My farm, Leitz Farms, was looking to expand packing and storage facilities. We started growing plants in 2011 and 2012, but we saw our market share decline. When President Trump became president and started to renegotiate
NAFTA and the USMCA, we decided to go ahead with our plan. Financing and down payments were in place.

When we saw Mexico and Canada walk away from negotiations in 2018, and only come back when fresh fruits and vegetables were specifically excluded from negotiations, we immediately stopped the expansion. We knew that we would not get anywhere; we would not get any relief.

We were disappointed to learn the seasonality clause was taken out, and only after intense lobbying from Mexico and Canada. We also learned the Mexican government contributes 50 percent of a grower's project up to a maximum of $10 million U.S. And I know that to be a fact because I know a grower who just expanded into Mexico. He laughed about it. He had a $2 million expansion in Baja, and he is laughing because he said that they are going to give me $1 million back.

If we had (audio interference) --
CHAIR KIMMITT: Mr. Leitz, I think we're having a little bit of trouble hearing you.

MR. LEITZ: -- Mexico will spend 36 (audio interference).

CHAIR KIMMITT: You just came back.

I'll allow you to finish, sir.

(Pause.)

CHAIR KIMMITT: I do apologize, Mr. Leitz. I think the connection was bad. We appreciate your testimony, and apologies for the technical issues that seem to have cut it short.

At this time -- Mr. Leitz was our final witness for Session 2. So at this time we will break for lunch, and we will reconvene at 1:00 p.m. to begin Session 3.

Thank you, everyone.

(Whereupon, the above-entitled matter went off the record at 12:02 p.m. and resumed at 1:00 p.m.)

CHAIR KIMMITT: Welcome back, everyone. We will now begin our third session of the day, and it's my pleasure to introduce our
next witness, Congressman Doug Collins of Georgia.

REP. COLLINS: Thank you. Is everybody good to go now?

CHAIR KIMMITT: Yes, sir, we can hear you.

REP. COLLINS: Super. Thank you. Well, good afternoon, and thanks for the opportunity to speak today on these important issues facing the seasonal and perishable produce industry in Georgia and throughout our country.

Ambassador Lighthizer, Secretary Perdue, Secretary Ross, thank you for having me today to share my views and concerns on behalf of our Georgia's agriculture industry, which is so important to us here.

Before I begin my testimony, I want to commend the efforts of the Administration in coming together to achieve a momentous trade deal, the USMCA. There is no denying that this historic trade deal will increase our global competitiveness, strengthen our economy for our
farmers.

I am grateful for these efforts and the outcome. I know that Georgians will appreciate the effects of this agreement on our economy and appreciate the President and his Administration for working hard to get America a better deal.

Over the last few months, we have seen our nation's farmers, growers, and producers struggle due to the economic downturn wrought by the coronavirus pandemic. At the federal level, it has been a priority of mine to safeguard the livelihoods of Georgia's hardworking farmers who have never stopped working to put food on the tables of families across the country. And this would include my work with the Administration to ensure that the H-2A workforce many of our Georgia growers depend on was not unnecessarily reduced. Unfortunately, this pandemic has been unforgiving, but I will continue to work with my colleagues in the Georgia delegation to make sure our farmers, growers, and producers are taken
Unfortunately, however, Georgia's growers and producers of seasonal and perishable goods to continue to face the threat outside of the coronavirus, and that threat must be highlighted and addressed at the federal level, which is why I'm glad I'm here today.

Over the past several years, the agricultural market for seasonal and perishable goods has seen a growing saturation of Mexican products as a result of that country's unfair trade practices. It is my hope that this hearing is the Administration's first step in addressing this unfair trade dynamic.

As you may know, Mexico's increased market share of produce and perishable goods at record low prices in the United States has severely and negatively impacted the Southeast seasonal and perishable produce farmers, especially here in Georgia. To provide an example of one commodity that is disastrously struck by Mexico's practice, Mexico's share of
the U.S. blueberry market has gone up by 2,111 percent over the last 10 years. I didn't make a mistake there. That's 2,000 percent in 10 years. Such an increase obviously affects our growers of one of Georgia's top commodities, blueberries, and also deprives Georgia and the country of the benefits a thriving American majority blueberry market could have on my State's economy and the nation's economy as a whole.

Why has Mexico attained such a massive stake in our produce market? Because the government of Mexico began to subsidize the development of Mexico's produce industry. These subsidies have operated to distort trade and, coupled with Mexico's unfair pricing practices, have resulted in Mexico obtaining an undeniable advantage in the U.S. market. This has continued to happen over the last decade, and the expense has been to my farmers here in Georgia and across the Southeast.

While the USMCA will make great advances in trade for many industries across the
country, recent studies indicate that, even with full implementation, Georgia stands to lose nearly $1 billion in annual economic output of the grower industry. In the same study, it shows that the industry could lose over 8,000 jobs. It goes without saying what this could mean to many of the families in my State and those that I represent whose paycheck depends on receipts from growing and producing.

The outlook is grim and the consequences would be devastating. For many growers, the consequences of continuing to allow Mexico to get away with trade-distorting practices will be earthshattering. In Georgia, we are lucky to have a growing economy made of many smaller growers that produce a diverse portfolio of commodities. For these smaller growers, it's up to us, the federal officials in the Legislative and Executive Branches, to work together to make sure these voices are heard and their needs are met.

I'm committed to finding a solution to
this issue and hope that the USTR, USDA, and Department of Commerce will work with my office to ensure Georgia farmers, growers, and producers will no longer be negatively impacted by Mexico's unfair trade practices. And then, we can regain control of the U.S. seasonal and perishable goods markets, which is such a vital interest in the State of Georgia.

I'd like to echo the testimony of Georgia stakeholders in requesting that a Section 301 investigation be undertaken, so that the Executive Branch can wield its full power in addressing Mexico's trade practices, including its use of the subsidy programs. I stand ready to support such an investigation in any way I can.

With the country in the early months of the USMCA implementation, I am glad to see that USTR is continuing these conversations with Georgia farmers, and I am hopeful we can come together and find a solution as the Georgia growers face this needless economic damage.
Thanks again for hearing me today, and thank you, more importantly, for hearing the concerns of our growers and their supporters as we look forward to finding a solution for this.

CHAIR KIMMITT: Thank you, Congressman Collins, and I appreciate your testimony here today.

We'll now be rejoined by Mr. Fred Leitz, who we heard from, but had some technical issues before the break. And Mr. Leitz will return to provide his additional comments that he was not able to finish.

So, Mr. Leitz, please proceed.

MR. LEITZ: Thank you. Can you hear me?

CHAIR KIMMITT: We can, sir.

MR. LEITZ: Okay. Thank you.

Okay. If we had the same profit margins as Mexico, we wouldn't be here today. It takes about the same amount of manhours to grow a tomato whether it's in Mexico, Florida, or Michigan. It all comes down to what they pay for
their labor. I want to break this down for you.

My labor cost is going to be $17.86 per hour this year, right in that range. Mexico is $9.00 per day. That's a proven fact.

Breaking this down by each package -- everything I do goes in packages out my loading docks -- I will spend $5.26 per package in labor cost.

Mexico will spend 36 cents. I'm $5.25; they're 36 cents. And Canada will spend $4.41. This is all U.S. dollars.

Mexico is only one to two days farther away from my U.S. markets, and Canada is actually closer in the Northeast. U.S. producers are the high-cost producers on this continent. We need import relief under U.S. trade laws, and if not, we need a Section 301 investigation.

Again, I want to say that this is a U.S. problem, not just a Southeast U.S. problem. Once the bridge was built into Texas, the International Bridge into Pharr, they took over all the markets on the East Coast. And this has happened in the last 10 years.
So, again, I don't want to be -- you know, we're trying to make a living here. We've lost a lot of money the last couple of years because of what's going on. And I don't want to be known as the fourth and final generation to farm Leitz farms.

Thank you.

MR. DOUD: Well, thank you, sir.

Right before you were cut off, you made the comment in your testimony that you are not expanding, but the person, the farmer, you talked to in Mexico was. And the subject of subsidies came up in Mexico, and you cut off about the time that you were commenting about what this gentleman in Mexico said. Could you speak and elaborate? I think that's what you were talking about when we lost you. Where are these subsidies coming from in Mexico, and what they're doing down there with those subsidies based on your conversation?

MR. LEITZ: The gentleman I'm referring to is a California farmer, a U.S.
producer. And a year ago, he said he was moving parts of his operation into Mexico from San Diego, and that he was going to spend $2 million, and that he would get a million dollars of it back from the Mexican government once he spent the $2 million. He was just kind of laughing about that. He said there's all kinds of subsidies to be had for irrigation projects, packing lines, buildings. You name it, he said they would subsidize it.

MR. DOUD: Okay. Thank you.

CHAIR KIMMITT: Thank you, Mr. Leitz, and thank you for rejoining us to complete your testimony.

MR. LEITZ: Yes. Yes. Thank you.

The other thing is the U.S. consumer will miss us when we're gone because this will be like oil or anything else. When somebody else controls it, prices are going to go up.

CHAIR KIMMITT: Thank you, sir.

We will now turn to our next witness, Mr. Brian Kuehl from Farmers for Free Trade.
MR. KUEHL: Thank you. Can you hear
and see me? Hello?

CHAIR KIMMITT: We can hear you. I
don't think we can see you, sir.

MR. KUEHL: Well, that's probably just
as well. I'm not much to look at. So, let's
just go with oral testimony. And I can see you.
So, that probably works fine.

So, thank you for the opportunity to
testify here today, and good morning to each of
you, the representatives of the U.S. Trade
Representative, U.S. Department of Commerce, and
U.S. Department of Agriculture.

For the record, my name is Brian
Kuehl. I'm Co-Executive Director of Farmers for
Free Trade. Farmers for Free Trade is a
nonprofit dedicated to informing the public about
the benefits of free trade and mobilizing farmers
and ranchers to support trade agreements that
expand export opportunities for American farms
and ranches. Farmers for Free Trade is supported
by America's leading agricultural businesses and
organizations, in addition to individual American farmers and ranchers.

Farmers for Free Trade strongly opposes any efforts to place quotas or tariffs on imported agricultural products, except as necessary to enforce trade agreements. We are concerned that taking unilateral action on imports from Mexico at this time could violate the spirit and letter of the United States-Mexico-Canada Agreement and, critically, we are concerned that it could lead to retaliation against U.S. agricultural products by Mexico.

I don't need to tell anyone who's listening today that the last few years have been incredibly difficult for American agriculture. The trade war with China, trade disputes with the European Union, the 232 steel and aluminum tariffs have caused significant damage to U.S. agriculture and injected considerable uncertainty into domestic and international markets.

In each of these cases, U.S. food and ag companies and producers have been subject to
retaliation by foreign governments. If the U.S. attempts to implement protectionism in the guise of seasonality, the U.S. will once again invite retaliation against America's farmers, including their dairy farmers and fruits and pork and corn producers.

American farmers count on a global trading system to drive sales of our world-class products, lower expenses, and provide a reliable way to do business with our key trading partners. The disruptions to this trading system have significantly hurt our farmers, placing downward pressure on commodity prices, disrupting markets years in the making, and increasing farm bankruptcies, insolvencies, and, tragically, suicides throughout the United States.

Ratifying USMCA was a top priority for the Farmers for Free Trade and the nation's agricultural community. USMCA provided a crucial victory for America's agricultural producers. Critically, the USMCA continues duty-free access to Canada and Mexico, which has been the bedrock
in U.S. agricultural export growth for over 25 years.

Last year, Farmers for Free Trade embarked on a 30-state, 20,000-mile, 100-stop tour across America in support of USMCA. In blue states and red states, we found the same support for ensuring American farmers can continue to export free of tariffs and unnecessary regulatory burdens.

Gains made through USMCA could be undone by unilateral punitive measures leveraged against seasonal fruit and vegetable imports from Mexico. This could open the door to retaliation by U.S. trading partners. We should not be undoing USMCA's successes before the ink is even dry on the agreement.

American farmers, ranchers, and consumers are the economic lifeblood of rural America and benefit greatly from free trade. The food we export and the agricultural products that we ship to other countries support over 1 million U.S. jobs. Fully 20 percent of American farm
revenue comes from our exports. Rural America cannot afford additional retaliatory tariffs or further loss of market demand.

If the United States improperly places tariffs or quotas on seasonal produce from Mexico, the retaliation from Mexico will undoubtedly target U.S. agricultural products, as was the case with the 232 tariffs and in the U.S.-Mexico trucking dispute. The adverse effects of these retaliatory tariffs cannot be overstated. The U.S. food and agricultural industry is already facing major crisis due to trade wars and now disruption from COVID. America's farmers and ranchers cannot withstand one more blow.

Having said all of that, let me say we appreciate the difficulty faced by fruit and produce growers in Florida, Georgia, and other parts of our country. We believe the U.S. Government should provide material support to American growers who are struggling consistent with our obligations under our trade agreement,
and we strongly support efforts to enforce existing trade agreements, including the antidumping provisions.

We also support efforts to negotiate outcomes that will maximize benefits to all of U.S. agriculture. We no way want to see one part of U.S. agriculture pitted against another. We should be striving to help all American farmers.

Rather than taking unilateral action on this issue, Farmers for Free Trade urges the U.S. Government to pursue a negotiated bilateral resolution. We must avoid starting a new trade dispute with Mexico that would wreak further havoc on U.S. agriculture and drive up farm bankruptcies.

Thank you for the opportunity to provide this testimony today, and I welcome the opportunity to answer questions.

CHAIR KIMMITT: Thank you, Mr. Kuehl.

Assistant Secretary Kessler, do you have any questions for Mr. Kuehl?

MR. KESSLER: Yes. Thank you, Mr.
Kuehl, for your testimony.

And I understand the notes of caution that you're sounding about possible retaliation. Let me ask you, what is your view on the allegedly unfair trade practices that we've heard about from Mexico from many of the other witnesses? Do you agree that Mexico is engaging in unfair trade practices?

MR. KUEHL: I'm not sure that's true. And I think that's a really delicate question. I think that, before we say something is unfair, you have to first say, well, or is it the nature of the market? If something is demonstrated as unfair, then that kind of changes the calculation and the discussion, obviously.

I don't know at this point that there is evidence that, for example, their subsidies have exceeded allowable subsidies. I also think that it's a cautionary note for U.S. producers to throw stones on the issue of subsidies. Obviously, in recent years, we have provided significant subsidies to our own producers, which
is a good thing. Without it, we would have a lot more bankruptcies and a lot more farm suicides.

So, I think we need to tread very carefully. If something is improper or unfair, that's something that obviously changes the discussion, but I don't know that at this point that's been established.

MR. KESSLER: Well, let me just follow up and ask one more question, if I may. What does the situation look like in your view? You suggested that we seek a negotiated bilateral resolution to the issue. What would that look like?

MR. KUEHL: Well, I mean, I think, to me, an interesting point is that, in the context of USMCA, I mean, let's acknowledge we just finished a trilateral negotiation with Canada and Mexico, and the Administration is to be commended for that accomplishment. That trilateral agreement passed Congress by a historic margin, bipartisan support from the left and the right. I mean, truly a historic trade deal.
It seems to me that, if this were a significant issue, that the Administration really wanted to drive forward, the context for driving that point forward would have been in the context of that trilateral negotiation. It concerns me that the ink is not yet dry on the U.S.-Mexico-Canada Agreement and we've now placed tariffs on Canadian aluminum and we're now talking about potentially taking unilateral action against Mexico.

I think, for the integrity of U.S. trade and for recognizing us as a dependable trading partner, our word has to be our bond. We can't negotiate an agreement over two years, and then, turn right around and undercut that agreement. We need to give the agreement a chance to work, including the labor requirements that we've now put on Mexico.

CHAIR KIMMITT: Thank you, Mr. Kuehl, and thank you for your testimony.

We'll now move on to our next witness, Mr. Jaime Castaneda, on behalf of the National
Milk Producers Federation and the U.S. Diary Export Council.

MR. CASTANEDA: Good afternoon. Can you all hear me?

CHAIR KIMMITT: We can, sir.

MR. CASTANEDA: Okay. Great.

Good afternoon, Ambassador Doud, Under Secretary McKinney, Assistant Secretary Kessler. My name is Jaime Castaneda, and I'm the Senior Vice President for Policy, Strategy, and Trade with the National Milk Producers Federation and the U.S. Dairy Export Council. I appreciate the opportunity to testify on behalf of American dairy farmers and farmers for dairy cooperatives, proprietary processors, and exporters.

You may wonder why America's dairy industry is before you today. We clearly do not represent the produce sector and our interest lies more in cheese than tomatoes and blueberries. As my organizations also represent farmers, we sincerely understand producers' anguish due to lower prices and unfair
competition. In fact, we have also encouraged
the U.S. Government to pursue actions against
countries that are not fulfilling their
commitment.

In fact, dairy farmers have endured
four years of low prices, partly resulting from
an uneven playing field against European products
and dairy policies pursued by Canada. While
these pressures have battered our farmers and
many left the industry, those remaining have
counted on the bright spot of our exports to
Mexico and other foreign markets to help maintain
opportunities.

As the Administration weighs potential
next steps on measures related to the topic of
seasonal products, it is critically important
that you fully consider the potential for
unintended consequences for other U.S.
agriculture sectors, including the U.S. dairy
industry. In particular, we urge you to avoid
steps that would, once again, place U.S. dairy
producers and processors in the crosshairs of a
trade dispute with Mexico.

As you know, this is not an unfounded concern, as U.S. dairy exports have been a frequent target of tariff retaliation by Mexico, another way for retaliation to put at risk many jobs in key dairy states, such as Wisconsin, Pennsylvania, Michigan, and others. Retaliation would have serious consequences for the economic well-being of U.S. dairy farmers and manufacturers during an already extremely volatile time for our industry.

Mexico is by far the largest and most important export market for the U.S. dairy industry. A trade dispute that targeted U.S. dairy would put those exports at risk with a severe economic fallout in many of our dairy states, as I say, Wisconsin, Pennsylvania, Michigan, Ohio, and many others.

The impact of retaliation by Mexico was most recently spotlighted in the imposition of Mexico's Section 232 retaliation on U.S. cheeses in 2018, a move that was quickly followed
by a decline in dairy market prices that NMPF estimated to amount to about $1.8 billion in lost revenue for U.S. dairy farmers. Correspondingly, 2018 saw a record number of dairy farmers go out of business. Similarly, the NAFTA trucking trade dispute case of a few years back resulted in Mexico's retaliation against our dairy products, leading to a decline of over 50 percent in U.S. cheese exports.

Compounding those were many voices in the Lopez Obrador Administration who are clamoring for more protectionist measures against U.S. exports to Mexico. There are many Mexican dairy farmers and politicians who are actively urging Mexico's Congress to slap tariffs on U.S. dairy products or impose additional technical barriers to trade.

We strongly sympathize with the farmers you heard from on last and this week's panels who are pleading for help. We simply urge the Administration to find ways to support those producers without opening the door to negative,
spillover impacts that, in turn, hurt dairy farmers/producers across the country, but, in particular, those dairy states of Wisconsin, Pennsylvania, Michigan, and Ohio, that depend heavily on the Mexican market.

It is, therefore, essential that USTR investigate the allegations brought by producers in this hearing. Yet, any step that the U.S. takes in connection with the seasonal and perishable products issue should not provide grounds for Mexico to again impose restrictions on U.S. dairy exports.

I appreciate the opportunity to provide comments on this important issue, and I look forward to working with you to continue advancing fair trade rules for the U.S. dairy industry and for the wider American agricultural community. Thank you.

CHAIR KIMMITT: Thank you, Mr. Castaneda.

Under Secretary McKinney, do you have any questions for Mr. Castaneda?
MR. McKINNEY: I do. Jaime, good to hear your voice, even though I can't see you there.

I have two quick questions, I think. The first one is, on the possibility of retaliation, should there be some adverse movement taken by the U.S., have you heard Mexico cite dairy as a target? Or, for that matter, have you heard Mexico cite any other targets? That's the first question.

And the second might get a little more complex. It is true you guys are oftentimes a target on some retaliation. Would you, from that experience, have suggestions on how we might address the Southeast seasonal issue?

Thanks.

MR. CASTANEDA: Thank you for those two questions. And too bad you cannot see me. I even shaved for you and Ambassador Doud.

But the first question, yes, sir, I heard it directly from Mexican officials more than one time that they will immediately. As
soon as the United States takes any actions that
do not go through a due process and that are not
legitimate, in their view legitimate, under USMCA
and WTO rules, they will actually impose
retaliatory tariffs on dairy products. That's
the first question.

On the second question, again, we
understand perfectly the anguish. I mean, dairy
farmers, anybody can ask about dairy farmers, how
much they have suffered and how many of my
friends, dairy farmers, have gone out of business
over the past few years. But I think that
subsidies, they talk -- I heard a lot of the
unfortunate subsidies that Mexico is providing to
their farmers. I heard the last speaker that
talked about getting a million dollars. Well,
certainly, the U.S. is providing a lot of support
to our many farmers across the country. I think
that could be easily a way to support those
farmers.

MR. McKINNEY: Thanks, Jaime.

MR. CASTANEDA: Sure. You're very
welcome, sir.

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

MR. KESSLER: Yes, let me just piggyback off of Under Secretary McKinney's question and your response there at the end.

So, what exactly do you suggest that we do to support the seasonal and perishable producers? Is it subsidies?

MR. CASTANEDA: Well, it's not my role to suggest. I was responding to a question and I was just indicating that producers across the country, whether they are on the crop side or in the case of dairy, there are programs that actually can support in times of low prices. I am responding to a question. It is not my role to suggest how the U.S. Government should support seasonal producers in Georgia or in other parts of the country. I'm just indicating that there are other producers in the United States that are receiving different types of support.
MR. KESSLER: Okay. Understood. And thank you for clarifying.

MR. CASTANEDA: Sure.

CHAIR KIMMITT: Thank you, Mr. Castaneda.

We'll now move on to our next witness, Mr. John Bode, on behalf of the Corn Refiners Association.

MR. BODE: Good afternoon, Ambassador Doud, Under Secretary McKinney, Assistant Secretary Kessler, and representatives of your offices. Thank you for the opportunity to testify today, and thank you for your government service.

My name is John Bode. I'm President and Chief Executive Officer of the Corn Refiners Association. The Corn Refiners Association represents the entirety of the corn refining industry in the United States, which purchases over 10 percent of America's corn crop. We manufacture sweeteners, starch, corn oil, feed products, and corn components, such as starch,
oil, protein, and fiber. And increasingly, our members are producing advanced products, such as biochemicals and bioplastics. Our members are pivotal suppliers of animal feed and food ingredients. So, we are affected by exports of a broad range of U.S. agricultural commodities and products.

I know you're having a lot of fun in these hearings. So, I hope you won't be too disappointed as I use only a portion of my time to emphasize just two points.

First, we support federal government action to ensure our trading partners comply with their obligations. We note with great disappointment that there are abusive developments in Mexico regarding trade in various important U.S. exports. We appreciate that you should do your job in that respect.

We urge that federal government action to address abuses be calibrated to the character of the alleged trade violation to avoid collateral damage. We respectfully submit that
you will be most effective if you take care to
not overplay your hand.

Mexico is the central market for U.S.
corn and refined corn products, wheat, soybeans,
meat, poultry, and, as Jaime just reported,
dairy. There is potential for great collateral
damage to farmers and the industry that are
already experiencing tremendous stress,
particularly in the Midwest.

Much of the -- pardon me. I'm having
a little problem here.

MR. DOUD: John, we can still hear
you. Keep going.

MR. BODE: Much of the previous
testimony in this hearing alleged that the
Mexican produce industry is receiving subsidies.
So, USTR should use Section 301 authority to
address that abuse. We have no information to
submit regarding the alleged subsidies, but,
respectfully, disagree with the proposed
invocation of Section 301 authority. We submit
that the appropriate trade remedy for subsidies
would be an antidumping and countervailing duty case. Aggrieved parties should file such a complaint which can be addressed expeditiously and with high effectiveness. Moreover, it's likely to be completed without retaliation.

Regrettably, experience shows that a Section 301 action could be expected to trigger retaliation. Thus, an AD/CVD complaint is the most appropriate, calibrated means of addressing the core complaint that has been brought forward in these hearings.

Other abuses have also been alleged, and there has been a suggestion that U.S. producers lack the means to bring an appropriate AD/CVD complaint. We note that the Commerce Department has recently taken the initiative to file AD/CVD complaints, a move without precedent until you go back to the 1970s. We recommend that any U.S. Government-initiated action, including to address alleged subsidy abuses, to be addressed, at least initially, through bilateral negotiations.
I appreciate your consideration of our views.

MR. DOUD: Well, thank you, John.

Good to see you.

I will note for the record that our previous person testifying, Mr. Castaneda, said he shaved for us today. I notice that you probably haven't gotten as close to your razor as he has in recent days.

MR. BODE: I'm partially shaving, Ambassador.

(Laughter.)

MR. DOUD: Well, here's my questions for you. Just a couple of quick questions to clarify what you said, John.

Do you know whether or not Mexico is in violation of its trade commitments to the United States?

MR. BODE: I do not.

MR. DOUD: Okay. Well, in that case, shouldn't the Trump Administration take a closer look at this to see what the situation is? Or
should we just turn a blind eye?

     MR. BODE: I appreciate the

opportunity to clarify. The intention of my
remarks was to say you should take action as
appropriate and it should be calibrated to the
facts. And so, our recommendation is that you
make an inquiry, as you are now, commendably,
through these hearings, to gather facts and
assess those facts.

     My further recommendation is that, if

further action is warranted, that should be
addressed through bilateral negotiations with
Mexico. And I have noted that producers who feel
they are aggrieved by subsidies, as has been
alleged here, have the ability to bring an AD/CVD
complaint on their own.

     But, for government action, I believe

that the appropriate step is what you are doing
now to get the facts, and then, follow that up
with bilateral negotiations with Mexico, so that
you can have the benefit of sitting down with a
critically important trading partner and listen
respectfully to one another's concerns and views and try to work that out in a less volatile environment.

CHAIR KIMMITT: Okay. Thank you. I think we have time for one more question.

Assistant Secretary Kessler, do you have any questions for Mr. Bode?

MR. KESSLER: Sure.

Hi, Mr. Bode.

I noted your comments about trade remedies. And we've heard from many witnesses today and last week about what they believe is the inadequacy of the remedies available under the trade remedies laws as they exist right now. And I think, in particular, many of them see problems establishing injury with the way they are defined right now under the statute. And many of them are also calling for changes to the statute for that reason.

How do you respond to them? Because you seem to be offering trade remedies as one possible element of a solution for their
problems.

MR. BODE: All right. Our experience has been that AD/CVD cases are highly effective. It is a very effective tool. It is a very substantial burden to defend those actions when they're brought. And I see that as a very effective remedy and appropriate for the leading allegation that has been brought forward in these hearings.

I guess some concern is we should confine ourselves to the law as it exists today, and in addressing this issue, Congress is quite capable, and the Administration input would be of vital importance regarding changes in the law. But, with the remedies that are available today, I think that the appropriate action to address alleged subsidies is for the aggrieved parties to bring an AD/CVD case.

Am I addressing your point, Assistant Secretary Kessler?

MR. KESSLER: Yes, yes. Thank you.

CHAIR KIMMITT: Thank you, Mr. Bode,
and thank you for your testimony.

    We'll now move on to our next witness,

Mr. Lance Jungmeyer, on behalf of the Fresh
Produce Association of the Americas.

    MR. JUNGMEYER: Hi. Good afternoon.

Can you hear me?

    CHAIR KIMMITT: Yes, we can, sir.

    MR. JUNGMEYER: Great.

    Good morning, Mr. Chairman and Members

of the Committee. Thank you for the opportunity
to testify today.

    My name is Lance Jungmeyer, and I am

President of the Fresh Produce Association of the
Americas. We are a 76-year-old trade
organization in Nogales, Arizona, representing
American-owned distributors of fresh fruits and
vegetables.

    I'm here today to support American
consumers, businesses, and agricultural producers
who would see their livelihoods and well-being
diminished if a small group of politically-
connected agricultural businesses are able to
manipulate U.S. trade policy. In so doing, they would ensure themselves a virtual monopoly on certain fruits and vegetables. Furthermore, American jobs throughout the Southwest would be lost and billions of U.S. farm exports will likely be damaged as other nations enact their own tariffs and reciprocal trade remedies. America's farmers, ranchers, and the businessmen should not be put further at risk, especially after China's retaliation over 301s, which would be a death knell.

To the detriment of everyday Americans, putting tariffs, quotas, or other limits on imported produce would cause huge spikes in supermarket prices during the fall, winter, and spring. This is when America simply cannot grow or harvest enough fruits and vegetables to satisfy the marketplace.

So, why are we having the hearings? For decades, the Southeast has continued to use outright falsehoods and misleading rhetoric such as unfair trade or unfair subsidies in an attempt
to paint themselves as victims and draw sympathy. Florida and Georgia growers present policy briefings that are misleading and inaccurate and have been challenged by academics and the U.S. Department of Agriculture. For the record of this proceeding, we have submitted memos detailing in the errors in the Florida and Georgia briefings.

U.S. Secretary of Agriculture Sonny Perdue stated that the University of Georgia policy brief regarding the impact of USMCA on Georgia's small fruit and vegetable industries was flat wrong where, quote, "Researchers came up with imagined scenarios in which they say a set of fruit and vegetable farmers would be vulnerable to competition."

Similarly, several presenters on August 13th referenced subsidies of about $200 million. They repeated this as if it's a big number, but the reality is it represents about 2 percent of Mexico's amber box spending limits for the entire country. We have found on the record,
and you should have before you, a comparison of
U.S. and Mexican agriculture support programs
analyzed by the University of Arizona.

Since NAFTA, data shows Mexico's
development spending, which includes cost-share
programs for greenhouse structures and
irrigation, at 2 percent of non-exempt WTO amber
box spending compared to 41 percent in the U.S.
Clearly, this is not trade-distorting activity by
either party. In fact, the investments conserve
water in arid regions and reduce chemical usage
in structures that keep out pests and disease.
These are crucial ways to be a steward of the
environment.

With the ink barely drying on USMCA,
the USTR should avoid embarking upon a
potentially disastrous trade action without a
full, end-up analysis of the underlying markets
and the ramifications of those actions. Simply,
you have to look at the "why". The "why" is that
the market needs diverse supply regions to
prevent bare shelves after weather or crop
damage. The "why" is also because shoppers are choosing items from suppliers that invest in technology and variety to meet consumer demands.

Up until recent history, people bought what farmers grew. Now consumer preferences drive what farmers are growing. Improved taste and quality are the norm, and growers have to keep up or become irrelevant. See the Red Delicious apple which lost favor when apples like Gala and Fuji took over. And now, Jazz and Envy are the new apples on the block. Successful businesses look at trends and they adapt.

In conclusion, changing U.S. trade law to create seasonal produce trade remedies or contorting existing law to initiate unjust trade investigations would ultimately serve to make a few large market distributors even larger. It would foster a monopolistic trade environment that increases prices for fresh produce for hungry American consumers, and it would result in other nations bringing reciprocal or retaliatory actions that harm the rest of U.S. agriculture.
When an individual state or region can initiate a trade war, where does that lead us? Many members of the Fresh Produce Association of the Americas are domestic growers and exporters, and they have told me they're worried about losing global market share if the USTR proceeds with unwarranted trade actions that cause retaliation.

To help American farmers, the government could expand the H-2A guest worker visa programs. The two H-2A users are Florida and Georgia at 64,000 guest workers. The CARES Act already expanded this program, so it grows year after year. This must be considered in the balance.

Rather than using trade remedies to bring down the level of competition, the U.S. Federal Government should provide seasonal growers with research and development to help them succeed.

Thank you for your time today. I look forward to any questions from the panel.
CHAIR KIMMITT: Thank you, Mr. Jungmeyer.

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

MR. MCKINNEY: Yes. Thanks for your testimony, Mr. Jungmeyer.

I wanted to come back. One of the things that was so stark to me after the last hearing -- and we're sitting and hearing a similar theme here -- is the incredible starkness of what we hear from the Southeast almost unilaterally, that they're being driven out of business. And I may have missed the word, but I think you said that the Southeast is providing "falsehoods". That's a real black-and-white. Are you saying that there is no false activity, no nefarious activity going on in Mexico? Elaborate, please, on the word "falsehood," if you don't mind.

MR. JUNGMEYER: Falsehoods being the rhetoric, things that are repeated to Congress, to the media, things like saying the words

...
"unfair subsidies," "unfair trade". And when you look at the numbers, as I've described, and as the analysis of the WTO amber box subsidies looks, Mexico over time has been at about 2 percent. And so, that's a pattern of subsidies, yes, at 2 percent. That's since 1995.

MR. McKINNEY: Okay. Very good.

Let me tie your comments -- and I appreciate your candor very much -- tie back to what the previous testimony by Mr. Bode said. He was raising the question, the possibility of not chasing a 301, but pursuing a AD/CVD. Your reaction?

MR. JUNGMEYER: Well, there are elements in the law right now to allow growers to bring such cases, and they have brought them. And I believe that is the appropriate method and that's the bar that the United States should set and ask other countries to follow that lead.

MR. McKINNEY: Thank you very much for joining us. I really appreciate it.

MR. JUNGMEYER: Thank you.
CHAIR KIMMITT: Thank you, Mr. Jungmeyer.

We'll now turn to our next witness, Mr. Jaime Chamberlain, on behalf of the Greater Nogales Santa Cruz County Port Authority.

MR. CHAMBERLAIN: Thank you, Mr. Chairman and Members of the Committee. My name is Jaime Chamberlain, and I am Chairman of the Greater Nogales Santa Cruz County Port Authority. Our Board is made up of the governments of the City of Nogales, Arizona; the County of Santa Cruz; the Fresh Produce Association of the Americas, and the Nogales Customhouse Brokers Association, and many other pillar industries of our community.

Nogales, Arizona has been one of the most important gateways for the importation of fresh produce from Mexico for over 100 years. And from the very beginning, the produce that has come through Nogales has been considered complementary and essential for our nation's food supply. We are extremely proud of the role that
we play in the North American food supply chain.

This sentiment and our work has no more important meaning than in the last six months. American importers and marketers of Mexican fruits and vegetables are considered essential and critical in keeping our country's retail food service and wholesale distribution chain supplied with wholesome and healthy produce.

Our industry distributors and our community did the same during every war, every crisis, and every economic recession and depression since the early 1900s. And now, during this COVID pandemic, we are again critical and extremely valuable to our American distributor partners.

For decades, American importers have been threatened by U.S. Southeastern growers who think Mexican produce possesses a threat to them. It is unfortunate they don't realize that, without the importation of fruits and vegetables from all over the world, our American consumers
would not have the produce of their choice available to them at all seasons of the year.

This consistent availability has contributed to the overall growth of produce consumption in the United States. Our own American government has worked tirelessly to assure Americans have ample food supply through negotiations of great trade agreements like the most recent USMCA.

Foreign farmers have listened to consumer demands for year-round availability of all fruits and vegetables. This demand has led to the creation of thousands of new jobs in Arizona and hundreds of thousands of jobs throughout the United States over the past 100-plus years.

Many farmers in Mexico have entered into joint venture partnerships with American distributors and farmers from California, Arizona, Texas, and Florida. In many instances, the largest Mexican fruits and vegetables importers are, in fact, wholly-owned subsidiaries
of American farms.

Just recently, a Georgia farm was featured in a CBS news report that highlighted how Georgia farmers were fearing losing their crops because they could not get enough workers from Mexico due to COVID-19. They speak of labor from foreign countries who often compete with domestic-grown produce. So, they want the labor from those countries, but not the competition for valuable shelf space. It's ironic how growers look toward the American government to solve all their issues, when all American importers and distributors want is the opportunity to fulfill the produce demands of American consumers.

Growers in Georgia and Florida would have you believe that they are being run out of business, but, in reality, they have failed to make the necessary investments to make their farms more productive and attractive to consumers. Mexican producers have adopted and invested in new and innovative farm technologies, like sophisticated drip irrigation systems, and
new soil conservation policy. They've also
invested and partnered with global seed breeders
to identify the most productive seeds for
specific types of soils and different climates.

But the most significant investments
have been made in protected agriculture
structures like glass, plastic, and mesh
greenhouses. These structures protect the crops
from harmful pests, animals, and from rain.

The goal of these investments being
that the American consumer is assured of a
consistent supply of healthy produce 365 days a
year. Those who invest in technology and
increased productivity, efficiency, and reduced
costs should not be penalized.

On July 1st, 2020, the USMCA agreement
was signed. While speaking about this historic
agreement, U.S. Secretary of Agriculture Sonny
Perdue said this: "The University of Georgia
recently published a study claiming the new USMCA
would cost some Georgia vegetable and fruit
growers revenue and jobs. The sensational
assertions are flat wrong. As a proud UGA alumnus, I'm here to tell you USMCA is good for Georgia's farmers and all American agriculture."
Secretary Perdue's statement is correct, as he knows that Mexico is our country's No. 1 trading partner.

It is imperative the USTR keep in mind that, should you implement any provisions to protect a small number of producers in two states, that these provisions will have severe repercussions.

First, these provisions will punish hundreds of U.S. companies in multiple states and may cost thousands of U.S. jobs for those who import, market, and distribute the produce to American consumers. Adverse provisions would severely harm U.S. companies and their significant financial investments in Mexico. And most importantly, imposing these provisions will ultimately punish the U.S. consumer who will end up paying higher prices for food while availability contracts.
This is not the time to enter into a trade war with our largest trading partner,
especially since over the last six months so many of our citizens have been subjected to so much food insecurity.

All of the above consequences are a direct affront to the principles of the USMCA. The last thing our country needs right now is a vulnerable and jeopardized food supply. Now is the time to value our food partners in Mexico and throughout the world.

I thank you for your attention, and I look forward to any questions you may have for me.

MR. DOUD: Mr. Chamberlain, thank you for your testimony today. I appreciate it very much. It's well done.

MR. CHAMBERLAIN: Thank you.

MR. DOUD: But I do have one question for you. You're the Port Authority guy. I'm not sure you can help me with this, but I'm going to pose this question to you.
We've heard nearly 50 people testify at this point, and many of them are saying that the Mexican produce comes in, and on the West Coast it sells for one price. And then, we've heard our Georgia blueberry guys say, right on top of their season, it goes into the East Coast right into their market for a much lower price, lower than what they can produce it, including the cost of transportation. How do you reconcile all of that?

MR. CHAMBERLAIN: Well, I can tell you my day job. I am the President and owner of Chamberlain Distributing. My family has been an importer of Mexican fruits and vegetables for 49 years, almost 50 years now. So, I do have direct knowledge to this.

I'll tell you what. We sell our produce not only on the West Coast, but we sell it in the Midwest. We sell our produce on the East Coast, all over Canada, into Europe, and into Asia as well.

I can tell you that we wouldn't be in
business for 49 years with the group of growers
that we represent if our products were not wanted
by American consumers and, for that matter, North
American consumers.

So, we're very proud of what we do.
And I think it's important that we understand the
value that all foreign imports bring to the U.S.
market.

MR. DOUD: I'm not disputing that.
But you didn't answer my question. Are you
selling it into the East Coast for a lower price
than what you sell it into the West Coast?

MR. CHAMBERLAIN: No, sir. It would
be impossible to do that.

MR. DOUD: Well, that was kind of my
thinking. So, I've heard all this --

MR. CHAMBERLAIN: Right.

MR. DOUD: -- and I'm trying to get
this in my head. You're a good guy to answer
this question.

MR. CHAMBERLAIN: Well, like I said,
it would be impossible to do that and stay in
business for very long. So, there are markets
that are high markets; there are low markets, and
we sell for -- the majority of our product is
actually contracted before the season starts, or
a good portion of it. And that's good for
American consumers, so they have a consistency in
pricing throughout the year.

CHAIR KIMMITT: Assistant Secretary
Kessler or Under Secretary McKinley, do you have
a question? Go ahead, Assistant Secretary
Kessler.

MR. KESSLER: Thank you. And thank
you, Mr. Chamberlain, for your testimony.

I was going to follow up on your
comment that the problem is supposedly really
that farmers in the Southeast are failing, I
think you said failing to make the necessary
investments to keep up with consumer demand. Is
there any evidence to back that up?

MR. CHAMBERLAIN: Well, like I said,
one of the greatest investments that Mexican
producers have been making over the years has
been in protected agriculture. So, whether it's a glasshouse, or plastic tunnels, or mesh greenhouses, that makes your farm more efficient in many, many different ways and reduces your cost. And those are some of the things that Florida and Georgia growers have not been doing, unfortunately.

Did I answer your question?

MR. KESSLER:  Well, in a way.  I was asking for evidence, but I understand your response.

MR. CHAMBERLAIN:  Okay.

CHAIR KIMMITT:  Thank you, Mr. Chamberlain, and thank you for your testimony.

We'll now move on to our next witness, Mr. Walter Ram, on behalf of The Giumarra Companies.

MR. RAM:  Thank you for the opportunity to comment at this hearing.

My name is Walter Ram, and I'm Vice President of Food Safety at The Giumarra Company.

Giumarra is a vertically-integrated produce
company based in California, and we are growers, shippers, importers, exporters, wholesalers, and we breed grapes.

Giumarra is a major table grape grower in California, and we also farm citrus, stone fruit, and other fresh produce. Additionally, we supply about five dozen different fresh produce commodities from farmers throughout the U.S. and imported from over a dozen countries. We offer the year-round supplies of many high-quality fruits and vegetables that our customers demand, but we also meet consumer demands for quality, taste, and other desired attributes, like organic certification, that drive consumer sales.

We export domestic fruit to markets in the U.K., many countries in the Pacific Rim, Canada, Mexico, Australia, New Zealand. We're constantly looking to broaden our export markets.

Agricultural exports are a bright spot in the U.S. balance of trade. Like many other sectors of U.S. agriculture, we have invested a great deal of time and money into our export
business. We fear that if individual states or regions are able to start trade wars with other countries, it will lead to significant damage of export markets, and not just from countries where we erect trade barriers, but also from any other companies looking for an excuse to limit the amount of U.S. agricultural products in their markets.

Imports and exports are also responsible for millions of American jobs. The U.S. Economic Research Service states that U.S. agricultural exports support 1.2 million full-time American jobs. A Wilson Center study showed that trade with Mexico alone has created 4.9 million U.S. jobs. Now that means that 1 out of every 29 American jobs is related to trade with Mexico.

As domestic growers, we agree that U.S. farmers should be protected against predatory trade practices from other countries. We need to be very careful, however, what we define as predatory or unfair trade practices. A
region of the U.S. that has undergone hard times
due to weather, unlawful competition, disease, or
other circumstances should get assistance, but
erecting trade barriers is a strategy that is
likely to do much more harm to domestic
industries than good.

The U.S. has led the world in many
areas for the past century, and agriculture is a
shining example of that. Americans have
developed modern farming methods, farm equipment,
fruit and vegetable varieties, and much more that
has resulted in some of the world's best
agricultural products that often carry premium
prices.

If we decide to reward a struggling
region simply by denying or limiting access to
competition, that's a recipe for mediocrity in
U.S. agriculture. We support assistance for
Southeastern farmers looking for help, but we
believe that a positive approach will be a more
effective, long-term solution for those farmers
seeking help, and would do so without damaging
other U.S. agricultural sectors.

Instead of creating a seasonal monopoly, training in long-term business planning, technical innovation, and understanding the importance of changing consumer preferences are all key components of successful business models that could serve these farmers well. We can say with experience that, when consumer preferences no longer supported demand for our seeded grapes, we responded by switching to seedless grapes, but we found that the competition was fierce. So, we responded again by developing better-tasting, crunchier grapes. We also forged strategic alliances to ensure that we could supply these grapes year round.

The same success stories are told by other grape growers, U.S. apple growers, and growers in many other sectors of the U.S. ag industry. This success did not come overnight, however. It was the result of planning, research, and hard work.

In conclusion, we support assisting
Southeastern farmers, but we strongly believe that rewarding a region that in some cases has largely ignored innovation, diversification, and long-term planning by erecting trade barriers is a very bad idea that will serve to harm U.S. agriculture. On a positive note, we do believe that providing assistance to these farmers in a more positive manner can add success not only to the region, but to U.S. agriculture as a whole.

Thank you very much for this opportunity to comment.

CHAIR KIMMITT: Thank you, Mr. Ram.

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

MR. MCKINNEY: Yes. Thank you very much.

I want to pick up on the very last point you made, and I may have characterized or said it wrong, but let me try -- that you want to support, spiritually support, the Southeast grower in helping them in some way. That's a broad statement. We've heard 301 many, many
times. Once we heard AD/CVD. How would you
support, how would you help? Do you have an
idea? I don't mean to put you on the spot,
because I think that's our role, but I didn't
know if you're close enough to the market and
these trade practices to have an idea.

        MR. RAM: Well, there are a lot of
examples. Diversification is an enormous part of
business planning, long-term business planning.
The Southeastern tomato farmers that have to plow
fields, you know, we're American farmers, too.
We really feel for them. But they had a single
market, and that was the food service business,
restaurants. And when the restaurants closed
during the COVID-19 pandemic, you know, it was
devastating to them, and we realize that.

        Other areas that were growing
specialty tomatoes, vine-ripened tomatoes, that
retailers were preferring or consumers were
preferring didn't suffer those same consequences.
I mean, some of the Florida growers have even
alluded to that. Tony DiMare was quoted as
talking about exactly that, was quoted as saying so.

Other things doing is when long-term planning on production, not unlimited growth that you can't plan on big spikes during short periods of time. It's a matter of planned production that you can actually market and keep prices high. And there is an awful lot more to that.

Variety differences. A company that's not us, and there's a number of companies in the berry industry that have these terrific varieties that are extremely competitive. These are breeding programs.

You know, there's an awful lot to what makes U.S. agriculture great, and I'm talking about just offering assistance, education, planning, and all this to really help them with their future success.

MR. MCKINNEY: Thanks very much.

CHAIR KIMMITT: Well, thank you, Mr. Ram. We appreciate your testimony. We'll now move on to our next witness, Mr. Rene Romero on
behalf of the San Diego Customs Brokers Association.

MR. ROMERO: Greetings and good afternoon. Thank you for allowing me to testify today. My name is Rene Romero, and on behalf of the members of the San Diego Customs Brokers Association, we stand together to oppose the political pressure we are facing to tweak existing U.S. trade law to carve out special protections for seasonal and/or regional agriculture production.

These would unduly apply tariffs to imported seasonal agriculture items from Mexico. This effort is against the spirit of the new USMCA and will undermine many business sectors. U.S.-licensed customs brokers, like myself, play an important role in the import and export of agriculture products from and to Mexico. Agriculture between the two countries has benefitted from trade agreements, previously NAFTA and now USMCA. Customs brokers provide services to meet the compliance requirements for
imports and exports.

The imported produce is subject to scrutiny by U.S. agencies, namely FDA and USDA. Direct produce imports meet strict compliance for each entry into the United States. Otherwise, they are refused entry. Mexican growers must meet good agriculture practices and good manufacturing practices to stay in business. Many are participants in CTPAT, which -- supply chain security to thwart cartel activity. Produce companies are active participants in this trusted trader program.

When I travel to Mexico and visit the ranches, I'm amazed of the personal growing techniques implemented from technology and innovation, much of it sourced or purchased from the United States. My agriculture customers in Mexico import millions of dollars in agriculture inputs, packing material, and other goods from the U.S. This is a true cycle of the economic activity.

U.S. retailers are visiting the fields
in Mexico to assure it meets and exceeds all
criteria. It's safe, it looks good, it tastes
good, and it's healthy. This is the standard all
suppliers are judged by. As a U.S. business
owner, the extent of U.S. jobs created has a
significant positive impact on the local and
regional economic sectors. These jobs range from
entry-level minimum wages to professional
careers. The related industry's extensive
services in produce importers and produce
brokers; transportation and trucking, rail, air,
and ocean; warehousing; logistics; wholesalers;
retailers; law firms; consultants; and let's not
forget the men and women from CBP, FDA, USDA, to
name a few. Tens of thousands, more likely
hundreds of thousands of U.S. jobs.

As businesses who are engaged in
commerce between the United States and Mexico, we
fear that if you succumb to political pressure to
benefit Southeastern or other seasonal regional's
U.S. produce, you will, by extension, be harming
our U.S. businesses. Under your leadership,
while working with Congress and a broad base of U.S. industries, our country was able to negotiate, finalize, and implement a comprehensive trade agreement with Canada and Mexico, creating the largest trading bloc in the world.

Over the last 25 years, U.S. and agricultural exports to Canada and Mexico have more than quadrupled, growing from $9 billion in '93 to nearly $40 billion in 2018. These gains support more than 900,000 American jobs in food, agriculture, and related sectors of the economy. USMCA builds on that success and brings important improvements to further enhance U.S. food and agriculture exports to our neighbors, delivering an additional 2.2 billion in the U.S. activity.

The International Trade Commission's report on USMCA confirmed that the agreement will improve market access for U.S. farmers, ranchers, and food producers, as well as positively impact both the U.S. agriculture sector and the broader national economy.
If trade remedies in perishable seasonal produce are applied to our closest trading partners, Canada or Mexico, this would further fracture the foundation of USMCA, resulting in potential retaliation and significant economic damage to U.S. agriculture and other sectors that rely on export markets for their survival. We strongly oppose the special trade provisions outside of the USMCA to appease seasonal and regional growers in the Southeast, just as this was roundly rejected during the USMCA negotiation. As customs brokers, we are passionate to ensure compliance with the USMCA, and we do not want to see our efforts to create stability and economic strength destroyed by the actions of a few.

Thank you for your attention and your favorable response. I remain respectfully Rene Romero, Chairman of the Agriculture and FDA Committee of the San Diego Customs Brokers Association. I yield back.

MR. DOUD: Mr. Romero, thank you for
your testimony. And, you know, at this point in
the process, we've heard over 60 people testify.
We're rapidly approaching the end of this process
of two different hearings, and, you know, it's
really interesting the contrast we hear between
the folks in the Southeast and the folks out in
your part of the world. Under Secretary McKinney
has noted it. We all see it, we all note it.
And it's interesting. It's been an interesting
discussion.

But as we come to the end of this,
I'll ask you the same question I asked one of the
folks earlier this afternoon, just a simple
question. Do you know whether or not Mexico is
in violation of its trade commitments with the
United States?

MR. ROMERO: Sir, I would say just the
opposite. I would say that they're in compliance
with our trade agreements. I travel to Mexico.
I have relationships with the Mexican government
entities, whether it's Mexican customs or SADER,
which used to SAGARPA. I've been in conferences
with them, I've been in meetings, I have spoken at their conferences. Everything is about compliance and adhering to the laws of both countries, not just the U.S. There are lots of education processes going in Mexico that are done by both the government and the organizations that represent these growers in Mexico. I see a lot of efforts into compliance. That's my personal view and my experience.

MR. DOUD: I appreciate those comments very much. You do appreciate, though, from the Trump administration's perspective, there's a very different view in a very different part of the world. And so, you know, we have a responsibility here. Do we take a closer look at this, or do we turn a blind eye?

MR. ROMERO: Well, I think you are taking a closer look, and you're giving the people who know what's going on the attention. We're here. We're not in Washington, D.C. We see what happens here. I have first-hand knowledge of how our government agencies, as I
mentioned before, whether it's CBP, FDA, or USDA, all the things that they're doing to make sure there's compliance with food safety. One of the main criteria that you're talking about about the human consumer here or the U.S. consumer is it -- is it safe, and they're complying with that. And as far as meeting all the other criteria for imports, I see that, I live it because we educate them.

I'm not sitting in Washington to see. I'm here on a daily basis everyday seeing this happen. The people that have spoken that represent the importers from Mexico, let alone some of the growers, some of those are my clients. I have clients who are growers in the U.S. and also importers from Mexico. By the way, they also export to Mexico. This is something that goes both directions. Just because -- it's not just a one direction trade here, it's both directions.

MR. DOUD: Thank you.

CHAIR KIMMITT: Yes, thank you for
your testimony, Mr. Romero. We'll now turn to
our next witness, Mr. Daren Bakst of The Heritage
Foundation.

MR. BAKST: Thank you. Can you see me
and hear me okay?

CHAIR KIMMITT: Yes, sir, we can.

MR. BAKST: Thank you. So my name is
Daren Bakst, and I'm a Senior Research Fellow at
The Heritage Foundation. The views I express in
this statement are my own and shouldn't be
considered as representing any official position
of The Heritage Foundation.

I want to commend the USTR, DOC, and
USDA for their commitment to agricultural trade.
Agricultural trade provides many benefits to
American farmers, ranchers, and consumers.
According to USDA, 95 percent of world's
consumers live outside of the United States.
This makes it possible for American farmers and
ranchers to export their goods to new markets,
increasing revenues, creating jobs, and building
stronger businesses.
There's also the other side of the agricultural trade equation, and that's imports. Agricultural imports make it possible for Americans and their families to purchase more affordable, better quality agricultural products, such as staple items like fruits and vegetables, more readily throughout the year. Unfortunately, there are numerous trade barriers that should be eliminated to foster greater agricultural trade among individuals and businesses across the globe. These barriers cover both tariffs and non-tariff trade barriers.

While much needs to be done to remove agricultural trade barriers, the subject of today's hearing is not one of those necessary actions. In fact, the focus on seasonal and perishable produce is problematic. The USMCA properly excluded a provision that would have created a separate domestic industry provision for perishable and seasonal products in AD/CVD proceedings. The agency shouldn't enshrine the seasonality provision under other means.
Under existing law, domestic industries can seek help from the federal government to address alleged economic harms from dumping by foreign producers or countervailable subsidies provided to foreign competitors by their home country. This help can come in the form of a U.S. imposing duties on foreign imports.

The seasonality provision, though, would allow a subcategory of an industry, in this case seasonal and perishable products, to bring cases against foreign imports, thus effectively creating an end-run around the current and appropriate requirement for an action to be on behalf of an entire industry. It would allow agriculture producers by state or region of seasonal and perishable commodities to petition for redress and utilize seasonal data to prove injury, not multi-year data as is currently required.

Through this change in longstanding policy, one state's growers of seasonal produce
could bring a case even as growers in other
states are flourishing and strongly oppose the
petition. The petition process helps to ensure
that there are some democratic principles in
place to properly reflect the will of an
industry. The seasonality provision would
undermine these protections.

Further, the seasonality provision has
long appeared to be a concern not of whether
foreign countries or its producers are taking
inappropriate actions, but whether a small set of
growers within the industry are able to
effectively compete in the marketplace. For
example, Florida tomato growers have pointed to
Florida's less friendly weather conditions for
growing tomatoes as compared to that in Mexico.
That's an agriculture production problem, not a
trade problem. The agency shouldn't use trade
remedies as a way to address a non-trade issue.

But what other problems would a
seasonality provision cause? Imposing duties
that would restrict imports based on this
controversial seasonality approach, especially based on weak to no evidence of trade-distorting policies, would inevitably lead to retaliatory tariffs by affected countries. This would then hurt other agriculture producers by limiting export opportunities. Ironically, it would even hurt the sub-industry of a commodity that brought a case, but, even worse, it would hurt those commodity growers within the entire industry who didn't want to bring a case in the first place.

It's, therefore, not surprising that CRS in a 2017 report wrote most U.S. food and agriculture groups, including some U.S. food and vegetable producer groups, also oppose seasonal proposals. The report also states the seasonal proposal has divided the U.S. food and vegetable industry.

The harm to exports, though, won't be limited to agriculture. Inevitable retaliatory tariffs would target numerous sectors across the economy. There are, of course, many trade-distorting policies imposed by other countries
that do hurt American farmers and ranchers. I strongly encourage the agencies to focus on those genuine issues that affect domestic industries, not a small subset of individual businesses within that industry.

Thank you for this opportunity to provide testimony today.

CHAIR KIMMITT: Thank you, Mr. Bakst.

Under Secretary McKinney, do you have any follow-up questions for Mr. Bakst?

MR. MCKINNEY: Yes. Sorry, I couldn't get my mute off. Tell us a little bit more about your background. My sense, knowing a little something about Heritage, is it's a policy think tank. What is your depth of work in agriculture generally and, even more specifically, in the produce/vegetable industry? Could you elaborate just a bit?

MR. BAKST: The Heritage Foundation, as you said, is a policy think tank. It's a nonprofit organization, (c)(3). And then we have individual analysts that work on different areas,
and I'm the analyst that primarily works in agricultural policy, and that includes a decent amount of work on this specific, very specific issue regarding the seasonality provision. I don't specialize in specialty crops.

MR. MCKINNEY: I understand. If I can follow-up then, as you have dived into this, and it sounds like this has been a bit more of a focus than perhaps other aspects of agriculture, have you come across, seen, observed, had confirmed any of the subsidies, I think is the favorite word that's used, that are alleged to be occurring in Mexico? Support of well water irrigation systems, buildings in construction, greenhouses, et cetera, those kinds of things.

MR. BAKST: I think the research and what we've heard is that, yes, those subsidies do exist, but they're not significant, and they're comparable to the EQIP program that we have here in the U.S., the subsidies that we also provide. Those subsidies are also not commodity specific. They're generally provided, so they're, you know,
they're kind of these capital assistance programs
that are provided by Mexico.

So we're not arguing that those
subsidies don't exist. The question is whether
or not those are trade-distorting, and, you know,
based on the information, it doesn't appear that
they are.

MR. McKINNEY: Thank you. That's
exactly what I was looking for. Appreciate it.

MR. BAKST: Thank you.

CHAIR KIMMITT: Thank you, Mr. Bakst.

We'll now turn to our final witness of the day,
Ms. Gabriella Beaumont-Smith also on behalf of
The Heritage Foundation.

MS. BEAUMONT-SMITH: Hello. Thank
you. My name is Gabriella Beaumont-Smith, and
I'm a macroeconomic policy analyst at The
Heritage Foundation. The views I express in this
statement are my own and shouldn't be construed
as representing any official position of The
Heritage Foundation.

The topic of trade-distorting policies
is an important one, and the agency should be commended for recognizing that barriers exist to agricultural trade. Agricultural trade provides many benefits to American farmers, ranchers, and consumers. Today, I would like to focus on the trade-distorting policies and the benefits that agricultural trade has brought Americans, including American farmers.

So what are the trade-distorting policies in question? There have been vague allegations of improper subsidization by Mexico, but it is unclear which subsidies are being referred to. For agricultural subsidies in general, based on support to producers as a percentage of gross farm receipts, Mexico has a lower percentage of support than the United States. Of course, the question or issue is the subsidies for fresh produce and whether those subsidies are trade-distorting. Based on a University of Arizona study, Mexico has a small amount of noncommodity-specific capital investment assistance programs awarded to fruit
and vegetable farmers which are comparable to the Environmental Quality Incentives Program in the United States.

Mexico has also invested in large-scale greenhouse production facilities and other types of technological innovations, and some claim that these investments are supported by government subsidies. There may be available support as part of Mexico's rural and business development and other productivity improvements in horticultural sectors, which could be assisting the investments in greenhouses and shadehouses, but this cannot be confirmed.

However, according to a Congressional Research Service report published in 2017, the available information indicates that Mexico does not provide direct financial support to its produce growers, which is similar to the situation that prevails in the United States. Most of the complaints by growers highlight issues surrounding competition, but that's not evidence of trade-distorting policies. In fact,
when we look at U.S. trade, we find that, since 1994, U.S. fresh fruit exports increased from around $2 billion to $4.4 billion in 2019 in nominal terms. U.S. fresh vegetable exports have increased from $1 billion to $2.5 billion in 2019 in nominal terms.

While exports are important to farmers, imports are important for American families and businesses and other industries. USTR has explained it's important to remember the United States agricultural imports benefit consumers with lower prices and expanded choices. And USDA has noted that U.S. consumers benefit from imports because imports expand food variety, stabilize year-round supplies of fresh fruits and vegetables, and temper increases in food prices.

American families depend on agricultural imports, especially when it comes to fresh fruits and vegetables. If the agency were to create barriers to these imports, families would suffer. There would be higher prices, fewer choices, and less healthy food.
Furthermore, increased food prices would have a disproportionate impact on low-income households. The lowest-income households spend 33 percent of their after-tax income on food, whereas the highest-income households spend only 8.7 percent. The current pandemic only magnifies these concerns. The last thing the federal government should do is make it more difficult for Americans to purchase fresh fruits and vegetables.

Food supply chains should not be disrupted, but, instead, the federal government should be doing what it can to help remove obstacles that slows them down. The critical benefit of imports should not get lost, nor should the interests of American families and other industries be forgotten in any effort to help a small subset of growers compete in the marketplace.

There are, of course, many trade-distorting policies imposed by other countries that do hurt American farmers and ranchers. I
encourage the agencies to focus on those genuine
issues and, in fact, to be proactive in helping
to shape the rules of the game, so that
agricultural trade can flourish.

Thank you for this opportunity to
provide testimony today.

CHAIR KIMMITT: Thank you, Ms.
Beaumont-Smith. Assistant Secretary Kessler, do
you have any follow-up questions for Ms.
Beaumont-Smith?

MR. KESSLER: Sure. Thank you for
your testimony, Ms. Beaumont-Smith. Some of the
points that you made are a little bit puzzling to
me. It seems like in the beginning of your
testimony you seemed to acknowledge the
possibility that Mexico does provide subsidies to
its domestic farmers. Then you addressed the
question of whether increased competition is due
to trade-distorting policies, but I'm not clear
why you cited export statistics for the United
States as a whole to support the point that, you
know, farmers in Florida and Georgia aren't
suffering from increased import competition as a result of unfair policies and practices from Mexico, like the subsidies that you discussed at the beginning.

And then you closed by saying that you encouraged the agencies to focus on genuine trade-distorting policies and, you know, I would interpret that as encouragement to look further into those subsidies that you described.

Would you like to comment on any of that?

MS. BEAUMONT-SMITH: Yes. So I think that it's clear that Mexico does provide subsidies, but there doesn't seem to be any evidence that the subsidies Mexico provides are trade-distorting. So I do not believe that the harms that Southeastern growers are experiencing are because of any trade distortion.

As we've heard from many witnesses today, trade has actually increased many opportunities for American farmers, and that was the point of citing the increase in exports. And
I would argue that the problems Southeastern growers are facing is due to increased competition, not due to trade-distorting practices that are pushing them out of the market.

MR. KESSLER: Well, I guess I'm still a little confused. I mean, maybe part of it is a semantic question. I'd be interested to know how you define trade-distorting because maybe I don't understand exactly the distinction that you're drawing there.

But also, you know, one theme of the hearing -- that there are different orientations towards Mexico's policies from different parts of the country, right, and different regions compete with Mexican imports in different degrees. Shouldn't we be focusing more on that, rather than statistics from the United States as a whole?

MS. BEAUMONT-SMITH: To address the definition of trade-distorting, I don't have a personal definition, but the WTO has an agreement
on agriculture that classifies different programs
that countries have for their subsidies. And
Mexico is well within their limits for their
subsidization. Most of the subsidies that were
discussed today, the capital investments and the
greenhouses, fall in either the green box or
amber box limit, and that means that they are not
considered to be so trade-distorting that they
would be prohibited under WTO regulations.

I would also echo my colleague's
points about being wary of carving out special
provisions a for sub-industry. The anti-dumping
and countervailing laws, I think, provide
industries with more than enough should they be
facing harm from trade-distorting policies, which
I, again, would like to emphasize there does not
seem to be evidence that Mexico is providing
subsidies that are trade-distorting.

MR. KESSLER: Okay. I think we could
continue this conversation further, but I'll
leave it there.

CHAIR KIMMITT: Okay. Thank you, Ms.
Beaumont-Smith, for your testimony today. This concludes the testimony at today's hearing. I would like to thank everyone who participated. I certainly would like to thank Secretary Perdue for his opening remarks today. I'd also like to thank our panelists, Ambassador Doud, Under Secretary McKinney, and Assistant Secretary Kessler. I'm going to put them on the spot a little bit, but I'll ask, Under Secretary McKinney, do you have any remarks you want to say as we close?

MR. MCKINNEY: Just, you know, yes, we sat here all day, but that is our responsibility, that's our job and happy to do that. So I want to thank all of the people who prepared the testimony and were thoughtful in their comments. So that's the first thing.

I'm still walking away with this dichotomy of there's serious, serious problems on one hand and there's none on the other, so we'll have to rectify that. But I think there's a lot of good that came from this, even if we need to
get back to some people to get clarification, do
a deeper dive, and so, in that sense, I'm very
grateful.

You know, one of the things that USDA
does, we do not apply the remedies on these
things. That's left to USTR and Commerce. But
the one thing that's valuable to us is it tells
us where we can add emphasis, work harder. And I
think the Secretary, I think he mentioned this at
the outset, that in recent months we did get
access to three new countries for U.S.
blueberries, and we've already connected some of
the Southeast producers with those potential
buyers. And I extend that offer again.

So to the degree that you can take an
area that needs some help and lift them up, I
think that's the role of the public servant, and
we remain happy to do that. So please follow-up
if that is of any interest.

Beyond that, I'll work with the team,
and we'll try to come up with some sort of a
joint or shared solution. And to my colleagues,
Greg Doud and you, Assistant Secretary Kessler, thank you so much.

CHAIR KIMMITT: Thank you, Under Secretary McKinney. Assistant Secretary Kessler, any closing comments?

MR. KESSLER: Well, Under Secretary McKinney’s comments were well put, and I agree. You know, I also just want to thank everybody for all the time and thought and preparation that went into their testimony. It was very useful and educational for us to hear from so many people on, you know, so many different aspects of the issue that we’re examining.

You know, as officials in this administration, we are always concerned about unfair trade in any form, unfair policies and practices from other governments in any form, and you all have given us a lot to think about, and we will give everything, all the information that you provided very careful thought and consider what we should do next. So thank you all again.

MR. DOUD: Thank you. I just want to
close by thanking my two colleagues for the time
and effort to listen to all of this, and I
completely concur with you that what I take away
from this is the stark contrast, the dichotomy in
views between one side and the other here. And
everybody has put a lot of thought and effort
into their testimony here, and the next step in
this process is for the administration to put
some thought and effort on how to move this
forward. And that's exactly what we will do.

So with that, we will conclude our
hearings and thank everybody for listening.

CHAIR KIMMITT: I will also add that
a transcript of today's hearing, as well as last
week's hearing, will be posted to USTR's website
and the public docket associated with these
hearings. So thank you to everyone, and this
hearing is adjourned.

(Whereupon, the above-entitled matter
went off the record at 2:31 p.m.)
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C E R T I F I C A T E

This is to certify that the foregoing transcript

In the matter of: Trade-Distorting Policies Affecting Seasonable and Perishable Products

Before: USTR

Date: 08-20-20

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