



Written Testimony of Iowa Pork Producers
Association President Trent Thiele on behalf of
the National Pork Producers Council on

**“Perspectives on the Livestock and Poultry
Sectors”**

U.S. Senate Committee on Agriculture,
Nutrition and Forestry

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Introduction

NPPC is a national association representing 42 state producer organizations. It represents the federal policy and global interests of 60,000 U.S. pork producers. I am president of the Iowa Pork Producers Association, which has more than 4,000 affiliated and associate members. Iowa is the top pork producing state in the country and I am proud to be testifying on behalf of the U.S. pork industry.

The U.S. pork industry is a major component of the agricultural economy, and a significant contributor to the overall U.S. economy. In 2018, pork producers marketed about 124 million hogs, and those animals provided total cash receipts of more than \$20 billion. Overall, an estimated \$23 billion of personal income and \$39 billion of gross national product are supported by U.S. pork. The U.S. pork sector generates more than 550,000 American jobs.

The U.S. pork industry provides 26 billion pounds of safe, wholesome and nutritious meat protein to consumers worldwide. Exports are vital to the livelihoods of America's pork producers. New technologies have been adopted and productivity has increased to maintain the U.S. pork industry's international competitiveness.

Exports of pork add significantly to the bottom line of each pork producer and support approximately 110,000 jobs in the U.S. pork and allied industries. In 2018, U.S. pork exports totaled 5.3 billion pounds – valued at nearly \$6.4 billion. That represented over 25 percent of U.S. production, and those exports added more than \$51 to the value of each hog marketed, with the average price received for a market hog in 2018 being \$141.

U.S. pork producers are facing numerous challenges, including efforts to expand full market access to countries around the globe, punitive, retaliatory trade tariffs, a serious labor shortage on U.S. farms, efforts to combat African swine fever (ASF) and other animal diseases, and ensuring proper oversight over gene-edited livestock.

USMCA

Ratification of the U.S.-Mexico-Canada (USMCA) trade agreement is a top priority for U.S. pork producers. Last year, more than 40 percent of U.S. pork exported went to Canada and Mexico, and the two countries are expected to make up a large percentage this year as well. USMCA will strengthen the strong economic ties with our North American neighbors, and help ensure tariff-free trade on pork remains in place for the long term. Trade with Canada and Mexico provides significant benefits, including support for 16,000 U.S. jobs at a time when rural America is struggling. U.S. pork producers urge Congress to ratify USMCA, providing much-needed certainty in two of our largest export markets.

Japan

A successful U.S. pork industry needs market certainty and we were very pleased last month when the U.S. and Japan announced an agreement in principle. We are encouraged to see reports that, once implemented, it will place us back on a level playing field with international competitors in one of our most important export markets. Japan is the largest value market and the second largest volume market for U.S. pork exports, but we had helplessly watched as the EU and the CPTPP nations took market share away from us through more favorable access. We need the same market access our competitors have in Japan.

Dr. Dermot Hayes, an economist at Iowa State University, estimates exports to Japan will grow from \$1.6 billion in 2018 to more than \$2.2 billion over the next 15 years as a result of the United States pork industry getting market access in Japan as favorable as its competitors. As our industry continues to struggle with retaliatory tariffs in China, the promise of a trade agreement with Japan represents significant relief.

China

Mostly because of free trade agreements, the United States is the leading global exporter of pork. We ship more pork to the 20 countries covered by free-trade agreements than we do to the rest of the world combined. That's why NPPC has and will continue to devote so much focus to expanding export opportunities. While Japan represents positive news for our industry, we continue to be frustrated by the situation in China. The trade dispute with China is costing U.S. pork producers \$8 per animal, or \$1 billion on an annualized, industry-wide basis because of the punitive tariffs we face in China.

China holds more potential than any other market in the world for increased U.S. pork sales. There is an unprecedented sales opportunity for U.S. pork producers in China, as that country continues to battle the spread of ASF and experiences a major reduction in domestic production. Were it not for the retaliatory duties on U.S. pork, we would be in an ideal position to meet China's need for increased pork imports and single handedly put a huge dent in the U.S. trade imbalance with China too. Instead, this trade opportunity is fueling jobs, profits, and rural development for our competitors. While recent Chinese media reports have suggested tariff relief for U.S. pork, we need to remove market access uncertainty and level the playing field in the world's largest pork-consuming nation.

In addition to China, U.S. pork producers are seeking the elimination of tariff and non-tariff barriers in a variety of other export markets promising significant growth opportunity, including Australia, Brazil, India, Jamaica, the Philippines, Thailand, South Africa, and Vietnam to name a few.

Preventing Foreign Animal Disease

The prevention of foreign animal diseases that would cutoff export markets and exact catastrophic damage to the rural economy is another top priority for U.S. pork producers. The risk of African swine fever (ASF), a deadly animal disease affecting only pigs and with no human health or food safety risks, is growing, as outbreaks continue in Europe, China and other parts of Asia. There is no vaccine to quickly contain and eradicate ASF so prevention is critical.

NPPC has worked closely with USDA and U.S. Customs and Border Protection (CBP) to strengthen biosecurity at our borders and to broaden awareness of steps that should be taken on farms to protect the national swine herd. We appreciate the many steps taken to date by USDA and Customs and Border Inspection to guard against ASF and other foreign animal diseases, including more robust inspections, bolstering the “beagle brigade” and collaborating with Canadian and Mexican officials on a coordinated North American prevention response.

We think even more can be done. We ask for your support for appropriations funding for 600 additional CBP agricultural inspectors at our borders, bringing the total number to approximately 3,100. This staffing increase is vital, since the most likely path for a foreign animal disease to enter the country would be through the importation of infected animals or contaminated products. We are also pushing CBP to work with shipment companies to strengthen safeguards against illegal product shipments and advocating for the maintenance or increase of airline ticket and cargo fees to help with ongoing funding for these activities.

Foot-and-Mouth disease (FMD) represents another foreign animal disease risk that would do serious damage to U.S. agriculture and the overall economy. Unlike African swine fever, vaccines do exist to contain and eradicate the disease. Unfortunately, the United States currently does not have access to enough vaccine to effectively respond to an FMD outbreak, one that according to Iowa State University economists, would result in approximately 1.5 million lost jobs and cost livestock and crop agriculture \$200 billion over 10 years. Accordingly, the 2018 Farm Bill includes mandatory funding, with USDA discretion for additional funding for the development of a vaccine bank.

We ask Congress to support USDA implementation of the Farm Bill as intended. USDA must quickly allocate funds provided by Congress to carry out its intent to safeguard rural economies and provide the solution it has identified for managing an FMD outbreak: vaccination.

Labor Shortage

Another challenge that U.S. pork producers and other farmers face is a serious labor shortage that, if not addressed, will increase production costs and food prices for consumers. U.S. agriculture is highly dependent on foreign labor and current visa programs

widely used by pork producers are not effectively addressing the issue. Pork production is a year-round endeavor and we need access to a non-seasonal labor pool to maintain cost-efficient operations and ensure the highest levels of animal care.

According to a study from Iowa State University researchers, farmers face a constrained rural labor supply due to low unemployment, an aging native-born workforce and falling birth rates, making access to foreign-born workers a critical matter for the prosperity of rural America. The study demonstrates that native-born and permanent residents will not fill the labor void if immigration policy restricts access to foreign-born workers. U.S. pork producers and other livestock farmers are seeking visa reform, addressing non-seasonal agriculture needs in order to avoid serious financial harm to their farming operations. Reform is needed to ensure that one of the most competitive U.S. agriculture sectors can continue to provide safe and affordable pork to consumers worldwide.

NPPC supports comprehensive visa system reform that provides agricultural employers with sustained access to year-round labor, establishes a legal and productive workforce, and is easy for farmers to access and navigate.

A positive first step toward reform would be to expand the existing H-2A visa program expansion to include non-seasonal workers and to move oversight of this program from the Department of Labor to the USDA, where livestock agriculture's needs are better understood. As currently defined, the H-2A visa program has limitations, since it applies only to seasonal ag workers.

Gene Editing

The competitive strength of U.S. livestock agriculture also depends on establishing a promising new technology: gene editing. Gene editing technology, which introduces useful genetic variation into food animal breeding programs, promises significant animal health benefits, including a natural immunity to disease and a reduction in the need for antibiotic use.

While countries like Canada, Brazil and Argentina are moving quickly to grab a competitive advantage by establishing regulatory structures that support the development of this technology, the U.S. is running the risk of falling far behind as a result of a regulatory land grab by the Food and Drug Administration (FDA). Under the FDA's regulatory framework, gene editing faces an impractical, lengthy and expensive approval process, threatening hundreds of thousands of jobs and nearly six percent of U.S. gross domestic product. The FDA's framework inaccurately classifies livestock as drugs and farms as drug-manufacturing facilities, an approach that will effectively cede use of this technology to U.S. competitors and make it unavailable to American farmers.

We ask you to support establishing oversight of gene-edited livestock on American farms with the USDA's Animal and Plant Health Inspection Service (APHIS), the agency best

prepared to implement a regulatory framework that will allow us to realize gene editing's promise.

Mandatory Price Reporting

Additionally, U.S. pork producers support timely reauthorization of the Livestock Mandatory Reporting Act. The Livestock Mandatory Reporting program, managed by USDA's Agricultural Marketing Service, is the sole source of market information on sales to packers of cattle, swine and lambs and on the subsequent sale of meat products.

Timely and accurate information is important for a competitive market to function effectively. Pork producers need a transparent, accurate and timely national market reporting system to make knowledgeable business decisions about selling their hogs. Mandatory price reporting offers market information on pricing, contracting for purchase and supply-and-demand conditions for hogs, all of which enhance market transparency. The current program is set to expire in September of 2020 and NPPC supports its reauthorization.

Summary

Pork is one of the United States' most successful and competitive products. Unfortunately, U.S. pork producers are facing serious headwinds, preventing our farm sector from fully realizing its full potential for our families, consumers and the American economy. Addressing these challenges will make U.S. hog farmers even more competitive, expand production, fuel job growth and contribute to rural communities across the country.