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Introduction

Good morning, Chairman Boozman, Ranking Member Klobuchar, Senator Hoeven, and distinguished members of the Senate Agriculture Committee. It is an honor to join you today to testify on behalf of the American Soybean Association regarding producers' perspectives on the agricultural economy. My name is Josh Gackle. I am a soybean farmer from Kulm, North Dakota, on a third-generation farm where I work alongside my dad and brother. Our family farm is my sole business and means of economic livelihood. This year, I have the privilege of serving as chairman of the American Soybean Association (ASA). Our association, founded in 1920, represents U.S. soybean farmers on domestic and international policy issues important to the soybean industry. ASA has 26 affiliated state soybean associations representing nearly 500,000 farmers in 30 primary soybean-producing states.

The U.S. soybean industry has a profound, positive impact on the U.S. economy. We have long been U.S. agriculture's #1 export crop, and a by-the-numbers look demonstrates soy's value to our domestic economic health. The U.S. Department of Agriculture (USDA) reported 86 million acres of soy were harvested in 2024, with production of 4.4 billion bushels. Soybean production accounts for more than $4 billion in wages and over $80 billion in economic impacts, according to a study by the United Soybean Board (USB)/Soy Checkoff and National Oilseeds Processors Association (NOPA). This does not even include secondary soy markets and supporting industries like biodiesel, grain elevators, feed mills, ports, rail, refining, barges, etc., which bring soy's national total economic impact to a significant $124 billion.

U.S. agriculture is facing significant challenges, challenges that are led by rapidly plunging margins. Commodity prices are down nearly 50% from highs experienced three years ago[1], while farmers are still facing elevated prices for land, seeds, fertilizer, and pesticides. For U.S. soybean farmers, there are many unknowns ahead in 2025. With the new administration threatening tariffs on major export partners, our access to global export markets is in jeopardy. On the domestic front, undersized Renewable Volume Obligations (RVOs) under the Renewable Fuel Standard and the lack of clarity about the future of tax credits for biobased diesel from the Inflation Reduction Act—most notably the 45Z Clean Fuel Production Tax Credit—and regulatory uncertainty threatening the availability of pesticides and biotechnology weigh heavily on the minds of ASA members.

Last year, soy farmers were grateful to see Congress pass the American Relief Act, which included $10 billion for economic assistance to agricultural producers to address unprecedented losses resulting from poor market conditions. While this package was much needed, it does not fully offset the combination of falling commodity prices, historically high input prices, and inflation. As we continue to work toward a 2025 Farm Bill, we must keep in mind the financial stress America's farm population is experiencing.

With that in mind, I would like to offer insights into some of the top issues we're hearing about at ASA.

Threats on the Horizon for Farm Country

It is no secret that farm country faces mounting threats on a multitude of fronts while already grappling with the impacts of an ongoing economic downturn. The Purdue University Ag Economy Barometer, which tracks farmer sentiment, reached its lowest levels since 2016 last October: Farmers are increasingly

[1] https://www.cobank.com/documents/7714906/7715332/Year-Ahead-Report-2025.pdf/39b35295-2e97-500f-da5b-6a406ec6729c?t=1733954409427

concerned about low commodity prices, high input prices, and several other pressures impacting farming operations.[2]

The United States had an abundant soy harvest this year. Unfortunately, Brazil is anticipating a record harvest, and Argentina is looking at its largest harvest in years. Strong harvest predictions across the largest global soy producers will likely result in a world-record soy harvest this year. At the same time, the world's largest buyer of soybeans—China—continues to face economic woes and increasingly is shifting purchases toward Brazil amid tariff uncertainty. This economic downturn results in a diminished demand for U.S. soy at a time of excess supplies.

The shifts in supply and demand exacerbate the slide in prices. USDA expects farm prices to average $10.20 per bushel for the most recent crop harvested in the last soybean marketing year, compared to $14.20 per bushel for the crop harvested in 2022. Costs for farm inputs (e.g., fertilizer, pesticides) continue to narrow the margins for soybean farmers, with seed, fertilizer, pesticide prices and interest rates all remaining high. While fertilizer prices were stable this fall, future fluctuations in phosphate and potash markets continue to be a concern for farmers. Given the U.S. is dependent on foreign sources for both these inputs, farmers are worried they could see higher costs for future production—especially considering mounting tariff threats.

While many threats and challenges are market-driven, Congress has significant opportunities to affect the concerns of farmers.

Pesticide access remains a threat to U.S. farmers as the Environmental Protection Agency (EPA) continues to review uses and new approvals. EPA's pesticide program has all but ground to a halt, with very few product approvals over the past several years. The system backlog deprives U.S. farmers of vital new products that, in many cases, are available to our competitors. Proposed restrictions on legacy products also threaten to take away tools growers have long used in their operations. Further, pesticide prices are elevated, and there are concerns that pesticide prices could increase even further should tariffs on foreign-purchased ingredients go into effect.

Soybean farmers are deeply concerned about growing threats to soybean markets at home and abroad. Retaliatory tariffs resulting from potential trade actions taken by the U.S. could threaten foreign market access while the soybean industry continues to establish and rebuild trade partnerships following the 2018 trade war with China. As the #1 export crop for the U.S., soybean producers face significant, disproportionate impacts from trade flow disruption. Further, foreign soybean producers are primed to meet any international demand resulting from future trade wars, which could permanently supplant U.S. export markets.

When threats arise that impact soybean exports, U.S. producers look to domestic markets to cushion the blow. Right now, however, significant uncertainty is tied to federal policy impacting domestic markets for soybean oil, both for food use and biofuel production. Increasing rhetoric perpetuating false claims about detrimental health impacts of soybean oil and other seed oils, paired with threats of banning these products from domestic food use, raises questions about U.S. soybean farmers' continued access to this market. Soybean oil consumption for edible uses is a stable market that has provided continued certainty

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[2] https://www.purdue.edu/newsroom/2024/Q4/farmer-sentiment-reaches-lowest-levels-since-2016-as-income-expectations-weaken/

for our farmers and removing that market would cause an immediate and significant decline in soybean oil prices.

On the other side of the coin, domestic biofuel production offers opportunities for growth if policies related to the Renewable Fuel Standard (RFS) and the 45Z Clean Fuel Production Credit are supported and shaped to enhance the role that U.S. agriculture plays in fueling America. When the biofuel industry was poised for an exciting moment of expansion, lower than anticipated RFS renewable volume obligations stunted growth, triggered a decline in the price of RINs, and led to the closure of biofuel production facilities in the Midwest. Further, delayed guidance on the 45Z tax credit paired with a calculation system that currently affords higher credit prices to non-agricultural feedstocks added additional downward pressure on soybean oil prices. High levels of non-agricultural feedstock imports have displaced domestic soybean oil in biofuels. ASA is supportive of value-add opportunities through USDA's Climate Smart Agriculture quantification system, but those benefits will not be realized unless the Administration follows through on finalizing and improving tax guidance for biobased diesel under 45Z.

While U.S. soybean farmers continue to face threats and uncertainty, Congress can help shape policies that bolster all agriculture. Passing a comprehensive five-year farm bill, supporting programs that encourage growth throughout the agricultural value chain, and blocking harmful policies that restrict market access at home and abroad will result in improved economic footing for all rural America.

Past and Future Trade Conflicts Impact the Global Soybean Market

As mentioned earlier in this testimony, soybeans are the largest agricultural export in the U.S., and robust international trade is a priority for the U.S. soybean industry. In conjunction with our partners at the U.S. Soybean Export Council (USSEC), the World Initiative for Soy in Human Health (ASA-WISHH), USDA, and the Office of the U.S. Trade Representative (USTR), U.S. soy is working actively across the world to open new markets and introduce new customers to the value of high quality, high protein U.S. soy. Opening new markets is just the beginning: Markets require time, attention, and long-term relationship maintenance to ensure that once a market is open to U.S. soybean exports, access remains unhindered.

As we look ahead to 2025 and the future for U.S. agricultural exports, we must also reflect on the past. Much has been said in the media and in this committee—and as recently as two weeks ago during Secretary-designate Brooke Rollins' confirmation hearing to serve as Secretary of Agriculture—about the Administration's plans to utilize tariffs as a tool to bring our global trading partners to heel. The impacts retaliatory tariffs can have on U.S. agriculture are never out of mind for soybean farmers. Soybeans have held the unfortunate distinction of serving as the prime casualty for what happens when the United States imposes tariffs on Chinese imports, and retaliation ensues.

In 2018, President Trump levied tariffs on imports from China under Section 301 of the Trade Act of 1974, starting a tit-for-tat trade war between our two global economies. As a response, China applied retaliatory duties against U.S. soybeans that reached up to 27.5%. These duties, combined with uncertainty in the trade relationship, severely constrained U.S. soybean exports to China. Those exports had exceeded a record 36.1 million metric tons (MMT) in Marketing Year (MY) 2016/2017, the last complete marketing year before implementation of the retaliatory tariffs. When tariffs were imposed late in MY 2017/2018, we saw an immediate impact, with the year finishing at 28.2 MMT exported to China—a 22% decrease from the previous year. In MY 2018/2019 and 2019/2020, these exports fell to 13.4 and 16.1 MMT, drops of 62% and 55%, respectively, from MY 2016/2017.

The impacts of this crippled market were severe for both farmers and exporters. USDA's Economic Research Service (ERS) estimated the impact of retaliatory tariffs on U.S. agriculture, including Section 301 tariffs and Section 232 tariffs on steel and aluminum. The ERS estimate shows a 76% reduction in value for U.S. exports to China from 2017 to 2018. ERS also estimated the trade war cost U.S. agriculture over $27 billion[3]. Soybeans accounted for 71% of the annualized losses.

Our competitors took notice and quickly stepped in to take advantage. As a result of the trade war, Brazil ramped up production to meet Chinese demand. Beyond capturing additional market share in China, Brazil was prompted to increase its land area in agricultural production: This has done irreparable and long-lasting harm to the U.S. soybean industry. In MY 2017/2018, Brazil overtook the United States as the world's largest producer of soybeans. As a result of the trade war and the incentives it provided to Brazil to significantly increase production, our industry now faces increasing competition with Brazil in every export market, not just China.

As our industry faces renewed trade disputes, an issue we are still grappling with is the long-term reputational damage done to U.S. soy because of the 2018 trade war. Section 301 tariffs and the retaliatory trade actions have jeopardized our place in these markets by undermining the U.S.'s strong reputation as a reliable supplier, thus damaging in-country relationships developed over decades. Because trade uncertainty has brought into question our reliability as a consistent supplier, in some years it has forced our customers to look elsewhere for their needs to avoid trade risk or excess duties.

In fall 2024, ASA and the National Corn Growers Association (NCGA) released a study analyzing how potential new tariffs could impact soybean and corn exports.[4] This study looked at two potential scenarios. The first scenario operated under the assumption that China would apply the rate from the "Total Tariff that Could be Applied" column to imports of U.S. corn, soybeans, and soybean products. The second looked at the potential for tariffs if China applied a 60% tariff to imports of U.S. corn, soybeans, and soybean products in response to a 60% tariff on Chinese goods imposed by the United States.

The study produced several results, but the major takeaway is that, should a trade war with China be renewed, U.S. soybean farmers would suffer while South American farmers would profit. If China were to cancel its waiver and revert to tariffs already on the books, U.S. soybean exports to China would fall between 14 and 16 MMT annually, an average decline of 51.8% from baseline levels expected for those years. A 60% retaliatory tariff level would intensify the shock, resulting in a loss of over 25 MMT million metric tons of soybean exports to China. At the same time, the price of a bushel of soybeans would drop between $0.60 and $1 below baseline, while farmers in South America would see higher prices for their beans.

[3] Morgan, Stephen, Shawn Arita, Jayson Beckman, Saquib Ahsan, Dylan Russell, Philip Jarrell, and Bart Kenner. January 2022. The Economic Impacts of Retaliatory Tariffs on U.S. Agriculture, ERR-304, U.S. Department of Agriculture, Economic Research Service.
[4] https://soygrowers.com/news-releases/trade-study-how-potential-new-tariffs-could-impact-u-s-soybeans-and-corn/

With tariffs imposed on U.S. exports but not Brazilian exports, Brazil would be further incentivized to expand its production to capture that market share. The impact this expansion could have on U.S. soybean and corn farmers would not be limited to a short-term price shock but rather would be a long-lasting ramification changing the global supply structure.

While I have focused this testimony so far on China, we still face potential disputes with other trading partners. The Administration is threatening a 25% tariff on all products from Canada and Mexico, two of U.S. agriculture's closest trading partners. We have also heard tariff threats on Colombia, the European Union, and even as far as unilateral tariff threat on all imports. Not only are these markets important to U.S. agricultural exports but also imports: Approximately 87% of potash—a critical fertilizer input—used in the U.S. comes from Canada. Any tariff on potash would immediately be felt by farmers purchasing inputs, further depressing the farm economy.

Even without direct tariffs or retaliatory tariffs, trade wars can negatively impact markets. Domestic tariffs strengthen the U.S. dollar, which then increases the price our foreign buyers see. Brazil's currency has depreciated continually for years, which gives it an export advantage over U.S. soy exports. Additional tariffs compound this effect.

International trade is critical to the continued success of U.S. soybean growers and U.S. agriculture at large. While ASA appreciates the assistance offered to farmers during the first trade war, the Market Facilitation Program (MFP) was a band-aid that kept farmers afloat. It did not make farmers whole. ASA and the entire agriculture industry will need this committee to continue serving as the voice of reason for trade policy that includes market access and tariff reduction measures, and to advocate against harmful tariffs that would negatively impact U.S. farmers and ranchers. With regard to China, we urge the Administration to seek China's compliance with an enhanced Phase 1 trade deal that would address U.S. concerns and avoid a repeat of the negative effects of a trade war while our industry continues to recover from the previous one.

Protecting and Promoting Domestic Soybean Oil Markets

Biomass-based diesel was developed with the support of soybean farmers to help grow demand for soybean oil. Soybean growers worked to promote commercial production of biodiesel—a product made from soybean oil that supports farmers and rural economies and diversifies domestic fuel supply. This market has now evolved to include soy-based renewable diesel and sustainable aviation fuel, and it offers continued opportunity for growth.

As mentioned earlier in my testimony, the success and growth of the domestic biofuels industry depends on the RFS and biofuel tax credits. Current RVOs for biomass-based diesel missed the mark in terms of anticipated industry growth, and the resulting decline in RIN prices has had negative impacts throughout the value chain, from the shuttering of biodiesel plants in the Midwest, to the scrapping of plans to expand soybean processing facilities, to falling soybean oil prices that hurt farmers' bottom lines. Further, EPA missed its statutory deadline to publish RVOs for 2026 and beyond, leading to added uncertainty for the industry. ASA urges the Trump Administration to swiftly publish robust RVOs and deny any small refinery exemption (SRE) waivers that would negatively impact biomass-based diesel volumes. ASA also encourages Congress to avoid including harmful SRE waivers in legislative initiatives related to biofuels.

The 45Z Clean Fuel Production Credit offers additional incentives for the domestic production of biofuel. ASA strongly supports the current prohibition of biofuels produced using imported used cooking oil (UCO) from the credit. Imported UCO remains a threat to soybean oil in the biofuel market, and ASA remains supportive of statutory improvements to 45Z that bolster the use of domestic agricultural feedstocks for biofuel production. Further, USDA's interim guidelines related to the employment of climate smart agriculture for biofuel feedstock production offer immense opportunities for soybean producers to add value to their crop. USDA must be allowed to finalize this work, as applications for these guidelines go beyond federal tax credits and could be incorporated into state and international biofuel programs that quantify carbon intensity.

Domestic soybean oil use is split almost evenly between human consumption and biofuel production, making the edible soybean oil market equally as important to our growers. Due to misinformation, this market is under threat of being erased: The nominee for Secretary of Health and Human Services, which oversees the Food and Drug Administration (FDA), has stated an intention to ban soybean oil for food use. Soybean farmers provide safe and healthy products for consumers. FDA has recognized the health benefits of soybean oil through a scientific review process. Its review supports the claim of replacing saturated fats with unsaturated fats found in soybean oil to reduce the risk of coronary heart disease. The United States is not alone in its assessment of seed oils. European nations including Germany and Austria also suggest using seed oils over other forms of fat. Further, scientific evidence suggests seed oils like soybean oil do not produce adverse health outcomes.[5]

In fact, much research has been conducted by our industry to make soybean oil even healthier. The soy industry has developed a new, high-oleic soybean. According to SNI Global, high-oleic soybean oil has an even better fat profile than conventional soybean oil, a longer shelf life, and is grown by U.S. farmers for the benefit of U.S. agriculture.

Through investments by U.S. soybean farmers through the Soy Checkoff, we have cultivated a market for high-oleic soybean oil. However, all that work could be undone if our government ignores science by allowing agenda-based, anti-agriculture rhetoric to influence public policy.

As we seek to protect U.S. agriculture from the impacts of a potential trade war, so too must we bolster domestic markets for farmers. Maintaining and expanding the two primary domestic markets for soybean oil—edible use and biofuels—is critical to the economic success of soybean farmers.

The Time for a New Farm Bill Was Yesterday

As ASA Chairman, one of the top questions I hear from soybean farmers is, "When are we going to get a farm bill finished?" For over two years, soy and other agriculture producers have been anxiously awaiting a new, comprehensive five-year farm bill.

The 2018 Farm Bill did not meet the needs of soybean farmers during the trade war. During fall 2018, U.S. soy stopped flowing to the Chinese market in our peak export period. Soybean prices dropped significantly, but we received no Price Loss Coverage (PLC) benefits and little from the Agriculture Risk

[5] https://hsph.harvard.edu/news/scientists-debunk-seed-oil-health-risks/

Coverage (ARC) program. USDA had to step in with ad hoc, temporary support to farmers through the Market Facilitation Program (MFP).

If a trade war that shrunk soybean demand by over 30% hardly triggered the farm safety net provided in the current farm bill—a Title I safety net that has been declining over the past 20 years in real terms—it is difficult to envision a scenario that would provide meaningful assistance without significant improvements to the current reference price and program elements of ARC and PLC. The current reference price does not meet the needs of soybean farmers, and an updated reference price is one of the top asks of ASA farmer leaders.

This is just one example of why U.S. soybean farmers need a new farm bill as soon as possible. I would also like to share ASA's written testimony as presented to a hearing of the Subcommittee on Commodities, Risk Management, and Trade held on May 2, 2023, "Commodity Programs, Credit, and Crop Insurance – Part 1: Producer Perspectives on the Farm Safety Net," which further outlines ASA's full set of priorities for a new farm bill. The priorities were developed after months of listening sessions, feedback, and responses to an in-depth farmer survey. They remain unchanged.

ASA appreciates the work this committee has done laying the groundwork for a new farm bill. We recognize the political intricacies involved in completing a bill. However, for farmers, the need is great and the time is now. I strongly encourage the committee to work in a bipartisan manner as quickly as possible to move a new farm bill forward—one that meets the needs of farmers, ranchers, and also consumers.

Regulatory Certainty for Pesticides and Biotechnology

Recent developments in pesticide and biotechnology regulations have been a source of great anxiety for soybean growers. Farmers rely on these tools not only to protect their crops from devastating pests but also to enable certain conservation practices such as reduced tillage and cover crops—practices that would be difficult to maintain without access to these vital inputs.

To reduce risks to endangered species, EPA's Endangered Species Act Workplan could place new and unnecessary restrictions on pesticides. While we support EPA becoming compliant with its legal responsibilities under ESA, the Herbicide Strategy and other EPA proposals, if enacted as-is, would impose significant new costs and burdens on U.S. farmers at a time when they can least afford it. Of concern, EPA's process for determining whether a pesticide poses a risk does not use the best available science, as is required by the law, with the agency instead opting to use unduly conservative assumptions that overstate risks. In turn, farmers must implement costly new restrictions to mitigate EPA's inflated risks. By using available, real-world data, EPA could issue more appropriate regulatory actions that are workable for agriculture and wildlife while still meeting the agency's legal obligations.

Another area of concern in pesticide policy is state efforts to issue labels contradicting EPA safety findings. These actions risk creating a fragmented patchwork of state pesticide labels that could disrupt commerce, create confusion for pesticide users, and undermine science- and risk-based regulation. FIFRA has provisions that prevent states from issuing labels in addition to or different from EPA's findings. ASA supports the bipartisan Agricultural Labeling Uniformity Act, which reaffirms these important requirements.

Growers also are concerned with legal uncertainties inflicted on USDA's biotechnology program. Last December, a federal court vacated USDA's 2020 SECURE rule, which modernized the program's regulatory framework. The vacatur effectively reimposed antiquated biotechnology rules, undoing important efficiencies the SECURE rule offered to the program. If not addressed, this decision could deprive U.S. farmers of much-needed biotechnology and genome editing innovations. We look forward to working with Congress and USDA to determine how to best resolve this new challenge.

Conclusion

U.S. soybean farmers are no stranger to adversity. Farming is not an easy profession, and our livelihoods sometimes fall to the mercy of Mother Nature. It should not fall to the mercy of policies that can make or break us at a time when we are already stretched thin. The Senate Agriculture Committee and its leaders, Chairman Boozman and Ranking Member Klobuchar, have long been devoted advocates for farm country, and I thank them for their continued commitment to agriculture and readiness to fight for U.S. farmers.

While I focused much of my testimony today on the threats facing our industry, I want to conclude by flipping these challenges to instead point to the tremendous opportunities before Congress and the Administration to support U.S. agriculture: (1). Passing a five-year farm bill that meets the needs of U.S. farmers who must make long-term operational decisions, and that could ease their financial burdens, (2). Continued support for USDA programs like the Partnerships for Climate Smart Commodities and the BioPreferred Program, which help farmers become more resilient both on the farm and by creating new and innovative markets for their products, (3). Fostering growth in the biofuels sector through strong federal initiatives that benefit domestic agricultural feedstocks and offer increased market opportunities for U.S. farmers and can defray the impacts of lost market access in other sectors, (4). Supporting regulatory decisions, be that in pesticides, biotechnology or other areas, that are grounded in science and workable for farmers (5). Reauthorizing the U.S. Grain Standards Act, which safeguard our domestic grain standards inspection process by setting official marketing standards for grains and oilseeds (6). And, importantly, continued support for foreign market access and limiting the potential of retaliatory trade actions is critical for the whole of U.S. agriculture.

On behalf of ASA, thank you for the opportunity to testify today to provide the soybean industry's perspective on the farm economy. We look forward to working with you to shape farm policy in the 119th Congress.